

BlackRock Asset Management Deutschland AG



**Annual Report as at 31 May 2018
for the Investment Fund**

iShares DivDAX® UCITS ETF (DE)

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Notice

The investment funds named in this report are governed by German law. Fund units are bought on the basis of the currently valid prospectus and investment conditions, supplemented by the most recent annual report concerned and also by the semi-annual report if such a report exists that is more recent than the last annual report.

The annual and semi-annual reports were drawn up in German and translated into English.

Only the German version is legally binding.

Note on Licences

Legal information

The German iShares funds mentioned in this document are investment funds subject to the German Investment Code. These funds are managed by BlackRock Asset Management Deutschland AG and are regulated by the Federal Financial Supervisory Authority (BaFin).

For investors in Germany

The sales prospectuses of the funds issued in Germany are available free of charge electronically and in hard copy from BlackRock Asset Management Deutschland AG, Lenbachplatz 1, 80333 Munich, Germany, Tel.: +49 (0) 89 42729 – 5858, Fax: +49 (0) 89 42729 – 5958, info@iShares.de.

Risk warnings

The value of investments in all the iShares funds may fluctuate, and investors may not get back the amount invested. Past performance may not be repeated and is no guarantee of future returns. Investment risks from market and currency losses as well as high volatility and concentration risk cannot be excluded.

Index – Disclaimers of liability

DivDAX[®] is a registered trademark of Deutsche Börse AG.

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Additional Information for Investors in Austria and Switzerland

The sales prospectuses, including investment terms and conditions, annual reports and semi-annual reports can be obtained, without charge, from the relevant paying agent and distributor.

Paying Agent and Distributor in Austria:

UniCredit Bank Austria AG
Schottengasse 6-8
1010 Vienna, Austria

Tax Representative in Austria:

Ernst & Young
Wagramer Str. 19
1220 Vienna, Austria

Paying Agent in Switzerland:

State Street Bank International GmbH, Munich, Zurich branch
Beethovenstraße 19
8027 Zurich, Switzerland

Representative in Switzerland:

BlackRock Asset Management Schweiz AG
Bahnhofstrasse 39
8001 Zurich, Switzerland

The prospectus, key investor information documents (KIIDs), investment conditions/articles of incorporation and the annual and semi-annual reports of the fund can be obtained free of charge on request from the representative of the fund in Switzerland. This also applies to the list of purchases/sales.

Additional information for investors in countries outside Germany:

Performance of the fund in the last three calendar years:

31/12/2014 – 31/12/2015: +2.73%
31/12/2015 – 31/12/2016: +11.58%
31/12/2016 – 31/12/2017: +13.61%

Report of the Management Board

Dear Investors,

BlackRock Asset Management Deutschland AG is able to look back on a successful year in 2017. A growing number of private and institutional investors continued to invest in exchange-traded index funds (ETFs). Between January and December 2017, iShares generated net inflows of \$40.6 billion (source: BlackRock Global ETP Landscape, as at December 2017) across the EMEA region. BlackRock is the global market leader for ETFs under the iShares brand.

As at 31 May 2018, the volume of assets under management for the 54 iShares funds currently issued in Germany was EUR 43.5 billion, making BlackRock Asset Management Deutschland AG the fifth-largest retail fund company in Germany (source: BVI – Bundesverband Investment und Asset Management e.V.). This annual report provides detailed information about the performance of our index funds.

Our ETF product range includes 335 iShares funds currently approved in Germany, providing investors with easy and diversified access to a large number of worldwide markets and asset classes. About a sixth of these exchange-traded index funds are issued in Germany. The code (DE) in the fund name identifies them as such.

Institutional and private investors alike value iShares ETFs not only as building blocks that enable them to put their own investment ideas into practice in their portfolios, but as the funds become more widespread, demand also rises for ETF-based insurance solutions, ETF savings plans and ETF-based asset management products. In light of this, together with respected partners we have developed models that enable different types of investor with differing risk/return profiles to create suitable asset inventories. Over the course of 2017, this included developing sample portfolios for banks, various online brokers and digital asset management product providers, a.k.a. "Robo Advisors".

On 11 April 2000, iShares DJ Euro STOXX 50 (now iShares EURO STOXX 50 UCITS ETF (Dist) and iShares DJ STOXX 50 (now iShares STOXX Europe 50 UCITS ETF) were the first exchange-traded index funds to be listed on Deutsche Börse. This listing has been instrumental in making a lasting change to the European investment landscape. ETFs have provided investors with new avenues in portfolio management, particularly through their high level of liquidity, efficiency and transparency. Today in Europe there are more than 2,300 ETFs, which are available in 22 countries from 43 providers.

As a provider from the outset, iShares retains its outstanding positioning on the European ETF market. We continue to invest in excellent service and products that meet the needs of our clients. We intend to develop our market leadership further through the continuous and innovative extension of our product range. Among the strategic competitive advantages of iShares ETFs are high market liquidity, narrow bid/ask spreads and a high level of precision in index replication.

Please visit our website at www.iShares.de or call us on +49 (0) 89 42729 - 5858 for further information.

We would like to thank you for your trust and we are looking forward to continuing to work together in partnership.

Your BlackRock Asset Management Deutschland AG Directors

Alexander Mertz

Harald Klug

Peter Scharl

Dirk Schmitz

**Annual Report for iShares DivDAX® UCITS ETF (DE)
for the reporting period from 01/06/2017 to 31/05/2018**

Fund Management Activity Report

Investment objectives and policies

The investment fund iShares DivDAX® UCITS ETF (DE) is an exchange-traded index fund (ETF) that tracks the performance of the DivDAX® index as closely as possible. The index replicates the 15 equities with the highest dividend yields in the DAX® Index. This index, in turn, comprises the 30 largest and most-traded German equities traded in the Prime Standard Segment on the Frankfurt Stock Exchange. The index selects companies that are domiciled either in Germany or in the EU or in an EFTA state. Companies domiciled in an EFTA state must have at least 33% of their trading volume on the Frankfurt Stock Exchange. The index is weighted by free float market capitalisation. In order to replicate the index, the investment fund uses a passive investment approach to invest directly in the securities included in the index in accordance with their weighting in the index.

Structure of the investment fund with regard to investment objectives and significant changes during the reporting period

The duplication percentage of the fund in comparison with the benchmark index was 100.000% at the end of the reporting period. Inflows during the reporting period were also invested in line with the weighting of the shares in the index. Dividends are accumulated in the fund. The fund may enter into securities lending transactions. iShares DivDAX® UCITS ETF (DE) is a distributing fund. Income is distributed after expenses have been offset in the course of interim distributions or, as the case may be, six weeks after the end of the financial year. The realised profits and losses are primarily the result of transactions involving equities that were carried out as a consequence of changes in indices, corporate actions and the redemption of shares. Changes to the index published by the index provider were directly taken into account in the fund.

New inclusions	
Linde AG z.Umtausch eing.Inhaber-Aktien	DE000A2E4L75

Removals	
Linde AG Inhaber-Aktien o.N.	DE0006483001

Material risks and events in the reporting period

Market price risk

In order to achieve the investment objective of tracking the performance of the DivDAX® index as closely as possible in the reporting period, fund management pursued an exclusively passive investment approach. Accordingly, as part of the fund management activities affecting this investment fund, no risks were actively managed or entered into. The investment fund was subject in the reporting period to the general and specific market price risk arising from individual stocks. Throughout the reporting period, the investment fund implemented the individual selection of securities within the investment universe prescribed by the provider of the index. The investment fund was thus subject to a high market price risk.

Currency risk

As prescribed by the index, the investment fund invested in German equities in the reporting period. There was thus no currency risk for EUR investors.

Liquidity risk

The assets held in the investment fund were at all times liquid, so that the liquidity risk can be regarded as low.

Operational risk

Operational risks for the investment fund are managed using BlackRock Asset Management Deutschland AG's risk management system. Business areas and processes that are relevant to this investment fund and which are outsourced by BlackRock Asset Management Deutschland AG to external companies are subject to an outsourcing controlling process within BlackRock Asset Management Deutschland AG. This includes the outsourcing of fund accounting to State Street Bank International GmbH, Munich, as well as the intragroup outsourcing of the trade management process to BlackRock Investment Management (UK) Limited, London. Processes that are material to this investment fund and its related operational risks are subject to a process of regularly identifying, analysing and monitoring operational risks. If operational risks materialise, these events are recorded immediately in a risk database for appropriate documentation and analysis, and steps are initiated and taken to minimise the operational risks.

**Annual Report for iShares DivDAX® UCITS ETF (DE)
for the reporting period from 01/06/2017 to 31/05/2018**

Statement of assets and liabilities as at 31/05/2018

	Market value in EUR	% of fund assets ¹⁾
I. Assets	645,585,678.30	100.03
1. Shares	642,623,268.07	99.57
Financial sector	125,713,499.68	19.48
Commercial & service sector	128,854,678.44	19.96
Manufacture of industrial raw materials and semi-finished goods	110,463,531.50	17.12
Industrial manufacturing, including the construction industry	163,586,725.50	25.35
Telecoms	57,781,394.32	8.95
Transport	56,223,438.63	8.71
2. Receivables	1,222,197.40	0.19
3. Bank accounts	1,740,212.83	0.27
II. Liabilities	-176,445.18	-0.03
Other liabilities	-176,445.18	-0.03
III. Fund assets	645,409,233.12	100.00

1) Rounding of percentages during the calculation may result in slight rounding differences.

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for the reporting period from 01/06/2017 to 31/05/2018

Statement of Net Assets as at 31/05/2018

Designation of class of security	ISIN	Market	Units, shares or currency in 1,000s	As at 31/05/2018	Purchases/ Additions in the reporting period	Sales/ Disposals	Price	Market value in EUR	% of fund assets ²⁾
Securities								642,623,268.07	99.57
Exchange-traded securities								642,623,268.07	99.57
Shares								642,623,268.07	99.57
Allianz SE vink.Namens-Aktien o.N.	DE0008404005		UNITS	346,546	42,061	96,035	EUR 176.380	61,123,783.48	9.47
BASF SE Namens-Aktien o.N.	DE000BASF111		UNITS	772,590	178,791	170,392	EUR 84.250	65,090,707.50	10.09
Bayer AG Namens-Aktien o.N.	DE000BAY0017		UNITS	685,257	207,786	161,271	EUR 101.860	69,800,278.02	10.81
Bayerische Motoren Werke AG Stammaktien EO 1	DE0005190003		UNITS	434,361	44,258	126,746	EUR 85.380	37,085,742.18	5.75
Daimler AG Namens-Aktien o.N.	DE0007100000		UNITS	946,499	227,916	240,514	EUR 61.680	58,380,058.32	9.05
Deutsche Börse AG Namens-Aktien o.N.	DE0005810055		UNITS	252,116	25,699	72,802	EUR 114.400	28,842,070.40	4.47
Deutsche Lufthansa AG vink.Namens-Aktien o.N.	DE0008232125		UNITS	638,781	64,924	177,080	EUR 23.250	14,851,658.25	2.30
Deutsche Post AG Namens-Aktien o.N.	DE0005552004		UNITS	1,274,154	132,315	387,095	EUR 32.470	41,371,780.38	6.41
Deutsche Telekom AG Namens-Aktien o.N.	DE0005557508		UNITS	4,370,756	903,995	771,009	EUR 13.220	57,781,394.32	8.95
E.ON SE Namens-Aktien o.N.	DE000ENAG999		UNITS	2,937,620	477,707	667,360	EUR 9.072	26,650,088.64	4.13
Linde AG z.Umtausch eing.Inhaber-Aktien	DE000A2E4L75		UNITS	231,494	265,354	33,860	EUR 196.000	45,372,824.00	7.03
Münchener Rückvers.-Ges. AG vink.Namens-Aktien o.N.	DE0008430026		UNITS	202,766	20,551	69,495	EUR 176.300	35,747,645.80	5.54
ProSiebenSat.1 Media SE Namens-Aktien o.N.	DE000PSM7770		UNITS	310,326	31,529	87,704	EUR 25.170	7,810,905.42	1.21
Siemens AG Namens-Aktien o.N.	DE0007236101		UNITS	610,950	157,239	95,138	EUR 111.500	68,120,925.00	10.55
Vonovia SE Namens-Aktien o.N.	DE000A1ML7J1		UNITS	609,351	69,408	150,114	EUR 40.360	24,593,406.36	3.81
Bank Accounts, Unsecuritised Money Market Instruments and Money Market Funds								1,740,212.83	0.27
Bank accounts								1,740,212.83	0.27
EUR balances								1,740,212.83	0.27
Depository: State Street Bank International GmbH			EUR	1,740,212.83		%	100.000	1,740,212.83	0.27
Other assets								1,222,197.40	0.19
Dividend claims			EUR	428,587.00				428,587.00	0.07
Receivables from securities transactions			EUR	793,610.40				793,610.40	0.12
Other liabilities								-176,445.18	-0.03
Management fee			EUR	-170,310.75				-170,310.75	-0.03
Other liabilities			EUR	-6,134.43				-6,134.43	-0.00
Fund assets							EUR	645,409,233.12	100.00
Unit value							EUR	17.76	
Units in circulation							UNITS	36,350,000	

2) Rounding of percentages during the calculation may result in slight rounding differences.

Annual Report for iShares DivDAX® UCITS ETF (DE) for the reporting period from 01/06/2017 to 31/05/2018

Transactions during the reporting period, insofar as these no longer appear in the assets listed:

Securities purchases and sales, investment units and bonds (market allocation on the reporting date)

	ISIN	Units, shares or currency in 1,000s	Purchases/ Additions	Sales/ Disposals
Securities				
Exchange-traded securities				
Shares				
Linde AG Inhaber-Aktien o.N.	DE0006483001	UNITS	2,329	284,394

Profit and Loss Account (incl. Income Adjustment) for the period from 01/06/2017 to 31/05/2018

I. Income			
1. Dividends from domestic issuers		EUR	20,104,954.45
Total income		EUR	20,104,954.45
II. Expenses			
1. Interest from borrowings		EUR	-2,593.23
2. Management fee		EUR	-1,956,927.15
3. Other expenses		EUR	-3,091,619.68
Total expenses		EUR	-5,051,140.06
III. Ordinary net income		EUR	15,053,814.39
IV. Disposals			
1. Realised gains		EUR	30,605,819.08
2. Realised losses		EUR	-780,445.68
Gain/loss on disposals		EUR	29,825,373.40
V. Annual realised results		EUR	44,879,187.79
1. Net change in unrealised gains		EUR	-37,880,735.79
2. Net change in unrealised losses		EUR	-17,756.28
VI. Annual unrealised results		EUR	-37,898,492.07
VII. Result for the financial year		EUR	6,980,695.72

Change in Fund Assets

	2017/2018	
I. Value of fund assets at the start of the financial year	EUR	702,917,989.67
1. Distribution for the previous year	EUR	-11,669,119.00
2. Inflow/outflow of funds (net)	EUR	-53,805,530.00
a) Proceeds received from sales of units	EUR	47,708,330.00
b) Payments for redemption of units	EUR	-101,513,860.00
3. Income adjustment/cost compensation	EUR	985,196.73
4. Result for the financial year	EUR	6,980,695.72
of which unrealised gains	EUR	-37,880,735.79
of which unrealised losses	EUR	-17,756.28
II. Value of the fund assets at the end of the financial year	EUR	645,409,233.12

**Annual Report for iShares DivDAX® UCITS ETF (DE)
for the reporting period from 01/06/2017 to 31/05/2018**

Use of income from the investment fund

Calculation of distribution (total and per unit)

		Total	per unit
I. Available for distribution	EUR	143,058,879.71	3.93
1. Carryforward from the previous year ³⁾	EUR	97,399,246.24	2.68
2. Realised net income for the financial year	EUR	44,879,187.79	1.23
3. Transfer from the investment fund ⁴⁾	EUR	780,445.68	0.02
II. Not used for distribution	EUR	-128,005,072.46	-3.52
1. Reinvested	EUR	-31,193,687.49	-0.86
2. Carryforward to new account	EUR	-96,811,384.97	-2.66
III. Total pay-out	EUR	15,053,807.25	0.41
1. Interim distribution	EUR	0.00	0.00
2. Final year-end distribution	EUR	15,053,807.25	0.41

3) Difference from the previous year because of income adjustment calculated on carryforwards.

4) Transfer in the amount of the realised losses of the financial year.

Comparative overview of the last three financial years

Financial year		Fund assets at the end of the financial year	Unit value
2017/2018	EUR	645,409,233.12	17.76
2016/2017	EUR	702,917,989.67	17.86
2015/2016	EUR	548,170,192.60	15.00
2014/2015	EUR	564,359,753.91	17.23

Notes

Information pursuant to the German Derivatives Ordinance [Derivateverordnung, DerivateV]:

Pursuant to the Derivatives Ordinance, the utilisation of the market risk ceiling for this investment fund was calculated in accordance with the simple approach.

Annual Report for iShares DivDAX® UCITS ETF (DE) for the reporting period from 01/06/2017 to 31/05/2018

Notes

Other information

Number of fund units in circulation and value of a fund unit on the reporting date pursuant to Section 16 Para. 1 No. 1 of the German Capital Investment Accounting and Valuation Ordinance (KARBV)

Unit value	EUR	17.76
Units in circulation	UNITS	36,350,000

Information on the valuation process for assets pursuant to Article 16 Para. 1 No. 2 KARBV

Security prices and market prices

The fund assets are valued on the basis of the following market prices:

All securities: Closing prices on the respective valuation dates

The valuation of assets generally took place during the financial year and at the balance sheet date on the basis of the last traded stock exchange price. Assets not admitted for trading on stock exchanges nor admitted to another regulated market or included in such market, or for which no tradable value is available, are valued at current market values, which shall be assessed with due care using appropriate valuation models and taking into consideration current market conditions.

Money in bank accounts and existing receivables are valued at their current nominal value. Existing liabilities are reported at the amounts payable.

Information on transparency and the total expense ratio (TER) pursuant to Article 16 Para. 1 No. 3 KARBV

Total expense ratio pursuant to Article 101 Para. 2 of the German Investment Code (KAGB): 0.31%.

The total expense ratio expresses all costs and payments (not including transaction costs) borne by the investment fund during the year in relation to the average net asset value of the investment fund's assets.

In accordance with the terms and conditions of investment, a fixed fee of 0.30% p.a. based on the average net asset value and payable to the investment management company has been agreed for the investment fund. This fixed fee covers services rendered by the company, in particular the expenses of the depository, costs of legally required printing, mailings and publications associated with the investment fund, and for the auditing of the annual report. Of this amount, 0.0068% p.a. is due to the depository based on the average net asset value, and 0.1137% p.a. to third parties (printing and publication expenses, auditing and miscellaneous costs). The company does not pay any fees to brokers.

The following expenses are not included in the fixed fee:

- Expenses resulting from the purchase and sale of assets (transaction costs);
- Customary bank custody fees, including the customary bank charges for the custody of foreign securities abroad and related taxes, if applicable;
- Expenses related to day-to-day account management;
- Expenses incurred in the assertion and enforcement of the legal claims of the investment fund;
- Expenses for providing information to investors of the investment fund by means of a durable medium, with the exception of expenses for providing information in the case of fund mergers.

Details of the fee structure are provided in the current sales prospectus.

Expenses paid and repayments received pursuant to Section 16 Para. 1 No. 3c) KARBV

In the reporting period 01/06/2017 to 31/05/2018, the investment management company BlackRock Asset Management Deutschland AG received no repayment of fees or reimbursement of expenses paid from the investment fund to the depository or to third parties for the investment fund iShares DivDAX® UCITS ETF (DE).

Information concerning other income and other expenses pursuant to Section 16 Para. 1 No. 3e) KARBV

Other expenses amounting to EUR 3,091,619.68 are broken down as follows:

a) Bank custody fees:	EUR	73,086.85
b) Other expenditure:	EUR	2,789.64
c) Corporation tax on German dividends	EUR	3,015,743.19

Information concerning transaction costs pursuant to Section 16 Para. 1 No. 3f) KARBV

The **transaction costs** pursuant to Article 16 Para. 1 No. 3 f) of the German Capital Investment Accounting and Valuation Ordinance ("KARBV") paid during the reporting period totalled EUR 5,868.12.

Transaction costs take into account all costs that were separately recognised or invoiced for the account of the investment fund and that are in direct connection with the purchase or sale of assets.

The share of the securities transactions executed during the reporting period for account of the investment fund through brokers that are closely affiliated companies and persons was 0.00%. Their total amount was EUR 0.00.

**Annual Report for iShares DivDAX® UCITS ETF (DE)
for the reporting period from 01/06/2017 to 31/05/2018**

Index fund information pursuant to Article 16 Para. 2 KARBV

Tracking error level at the end of the reporting period pursuant to Section 16 Para. 2 No. 1 KARBV 0.17 percentage points

Because high differences in performance were reported for the more recent history, the tracking error produced was higher than expected. The reason for the increased differences is the amount of dividend income from 02/01/2018. With the introduction of the investment tax reform in Germany, dividends in the Fund may be subject to capital gains tax and the benchmark index continues to be calculated with gross dividends.

Annual tracking difference level -0.71 percentage points

The DivDAX® index (Net Total Return Index) recorded a performance of 1.82% in the reporting period. Taking into account costs, distributions and taxes, iShares DivDAX® UCITS ETF (DE) recorded a performance of 1.11% during the same period.

Annual Report for iShares DivDAX® UCITS ETF (DE) for the reporting period from 01/06/2017 to 31/05/2018

Information on staff remuneration pursuant to Section 101 Para. 4 KAGB

The below disclosures are made in respect of the remuneration policies of the BlackRock Group ("BlackRock"), as they apply to BlackRock Asset Management Deutschland AG (the "Manager"). The disclosures are made in accordance with Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities ("UCITS"), as amended, including in particular by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014, (the "Directive"), and the "Guidelines on sound remuneration policies under the UCITS Directive and AIFMD" issued by the European Securities and Markets Authority.

BlackRock's UCITS Remuneration Policy (the "UCITS Remuneration Policy") will apply to the EEA entities within the BlackRock group authorised as a manager of UCITS funds in accordance with the Directive, and will ensure compliance with the requirements of Article 14b of the Directive.

The Manager has adopted the UCITS Remuneration Policy, a summary of which is set out below.

Role of the Remuneration Committees

The regulatory remuneration structure of BlackRock EMEA comprises several stages, including (a) the Management Development and Compensation Committee ("MDCC") (which consists of the global and independent Compensation Committee for BlackRock, Inc. and all its subsidiaries, including the Management Board) and (b) the Board of Directors of BlackRock, Inc. (the "Board of Directors"). These bodies are responsible for the determination of the Manager's remuneration policies.

a) MDCC

The MDCC's primary purposes include:

- to provide oversight of:
 - BlackRock executives' compensation programs;
 - BlackRock employee benefit plans; and
 - any other compensation plans which may be occasionally established by BlackRock, as the MDCC's manager;
- the review and consideration of the compensation performance and analysis in the annual BlackRock, Inc. Proxy Statement with senior management and approval of the MDCC report to be included in the Proxy Statement;
- the review, assessment and preparation of reports and recommendations to the Board of Directors of BlackRock, Inc. ("the BlackRock, Inc. Board of Directors") in accordance with talent development and succession planning, with a focus on Corporate Governance Performance recognition and succession at the highest management levels; and
- to act as a compensation committee for BlackRock companies based in EMEA, in accordance with applicable UK and European rules and regulations.

The MDCC directly retains its own independent compensation consultant, Semler Brossy Consulting Group LLC, which has no relationship with BlackRock, Inc. or the BlackRock, Inc. Board that would interfere with its ability to provide independent advice to the MDCC on compensation matters.

The BlackRock, Inc. Board has determined that all of the members of the MDCC are "independent" within the meaning of the listing standards of the New York Stock Exchange (NYSE), which require that each member meet a "non-employee director" standard.

The MDCC held 10 meetings during 2017. The MDCC charter is available in English on BlackRock, Inc.'s website (www.blackrock.com).

With regular reviews, the MDCC continues to be satisfied with BlackRock's compensation policy and approach.

b) The Board of Directors

The Board of Directors has the task of ensuring compliance with the UCITS compensation guidelines applicable to the Management Board and all identified employees.

The Board of Directors (by means of independent reviews of the relevant oversight functions) continues to be satisfied with the implementation of the UCITS fee guidelines in its application to the Board and its identified employees.

Decision-making process

Compensation decisions for employees are made once a year in January following the end of the performance year. This timing allows full-year financial results to be considered along with other non-financial goals and objectives. Although the framework for compensation decision-making is tied to financial performance, significant discretion is used to determine individual compensation based on achievement of strategic and operating results and other considerations such as management and leadership capabilities.

No set formulas are established and no fixed benchmarks are used in determining annual incentive awards. In determining specific individual compensation amounts, a number of factors are considered including non-financial goals and objectives and overall financial and investment performance. These results are viewed in the aggregate without any specific weighting, and there is no direct correlation between any particular performance measure and the resulting annual incentive award. The variable remuneration granted to one or more persons for a given performance year may also be zero.

Annual incentive awards are generated from a bonus pool.

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The size of the projected bonus pool, including cash and equity awards, is reviewed throughout the year by the MDCC and the final total bonus pool is approved after year-end. As part of this review, the MDCC receives actual and projected financial information over the course of the year as well as final year-end information. The financial information that the MDCC receives and considers includes the current year projected income statement and other financial measures compared with prior year results and the current year budget. The MDCC additionally reviews other metrics of BlackRock's financial performance (e.g., net inflows of AUM and investment performance) as well as information regarding market conditions and competitive compensation levels.

The MDCC regularly considers management's recommendation as to the percentage of pre-incentive operating income that will be accrued and reflected as a compensation expense throughout the year for the cash portion of the total annual bonus pool (the "accrual rate"). The accrual rate for the cash portion of the total annual bonus pool may be modified by the MDCC during the year based on its review of the financial information described above. The MDCC does not apply any particular weighting or formula to the information it considers when determining the size of the total bonus pool or the accruals made for the cash portion of the total bonus pool.

Following the end of the performance year, the MDCC approves the final bonus pool amount.

As part of the year-end review process the Operational Risk and Regulatory Compliance departments report to the Committee on any activities, incidents or events that warrant consideration in making compensation decisions.

Individuals are not involved in setting their own remuneration.

Control functions

Each of the control functions (Enterprise Risk, Legal & Compliance, and Internal Audit) has its own organisational structure, which is independent of the business units. The directors of each control function are either members of the Global Executive Committee or BlackRock's global governing body or have a reporting obligation to the Board of Directors of BlackRock Group Limited, the parent company of all BlackRock entities overseen in EMEA, including the Management Board.

Functional bonus pools are determined with reference to the performance of each individual function. The remuneration of the senior members of control functions is directly overseen by the Committee.

Link between pay and performance

There is a clear and well defined pay-for-performance philosophy and compensation programmes which are designed to meet the key objectives as detailed below:

- distributing BlackRock's results appropriately among shareholders and employees;
- attracting, retaining and motivating employees capable of making significant contributions to the long-term success of the business;
- aligning the interests of senior employees with those of shareholders by awarding BlackRock, Inc. stock as a significant part of both annual and long-term incentive awards;
- controlling fixed costs by ensuring that compensation expense varies with profitability;
- linking a significant portion of an employee's total compensation to the financial and operational performance of the business as well as its common stock performance;
- discouraging excessive risk-taking; and
- ensuring that customer interests are not negatively impacted by compensation in the short, medium and/or long term.

Driving a high-performance culture is dependent on the ability to measure performance against objectives, values and behaviours in a clear and consistent way. Managers use a 5-point rating scale to provide an overall assessment of an employee's performance, and employees also provide a self-evaluation. The overall, final rating is reconciled during each employee's performance appraisal. Employees are assessed on the manner in which performance is attained as well as the absolute performance itself.

In keeping with the pay-for-performance philosophy, ratings are used to differentiate and reward individual performance – but do not pre-determine compensation outcomes. Compensation decisions remain discretionary and are made as part of the year-end compensation process.

When setting remuneration levels other factors are considered, as well as individual performance, which may include:

- the performance of the Manager, the funds managed by the Manager and/or the relevant functional department;
- factors relevant to an employee individually; relationships with clients and colleagues; teamwork; skills; any conduct issues; and, subject to any applicable policy, the impact that any relevant leave of absence may have on contribution to the business;
- the management of risk within the risk profiles appropriate for BlackRock's clients;
- strategic business needs, including intentions regarding retention;
- market intelligence; and
- criticality to business.

A primary product tool is risk management and, while employees are compensated for strong performance in their management of client assets, they are required to manage risk within the risk profiles appropriate for their clients. Therefore, employees are not rewarded for engaging in high-risk transactions outside of established parameters. Compensation practices do not provide undue incentives for short-term planning or short-term financial rewards, do not reward unreasonable risk and provide a reasonable balance between the many and substantial risks inherent within the business of investment management, risk management and advisory services.

Annual Report for iShares DivDAX® UCITS ETF (DE) for the reporting period from 01/06/2017 to 31/05/2018

The compensation model includes a basic salary, which is contractual, and a discretionary bonus scheme.

BlackRock uses an annual bonus system at its own discretion. Although all employees are eligible to be considered for a bonus, there is no contractual obligation to make any award to an employee under the discretionary bonus scheme. In exercising discretion to award a discretionary bonus, the factors listed above (under the heading “Link between pay and performance”) may be taken into account in addition to any other matters which become relevant to the exercise of discretion in the course of the performance year.

Discretionary bonus awards for all employees, including executive officers, are subject to a guideline that determines the portion paid in cash and the portion paid in stock are subject to additional vesting/clawback conditions. The number of shares granted will continue to be adjusted during the vesting period, due to the change in the share price of BlackRock, Inc. For higher annual payments, a larger proportion will be paid in shares. The MDCC adopted this approach in 2006 to substantially increase the retention value and shareholder alignment of the compensation package for eligible employees, including the executive officers. The portion deferred into stock vests in equal instalments over the three years following grant.

In addition to the annual discretionary bonus described above, equity awards from the “Partner Plan” and the “Targeted Equity Award Plan” will be made to select senior executives to better link with future corporate results. These long-term incentive awards have been established individually to provide meaningful incentives for continued performance over a multi-year period in recognition of the scope of the individual’s role, business expertise and leadership skills.

Selected senior leaders are eligible to receive performance-adjusted equity-based awards from the “BlackRock Performance Incentive Plan” (“BPIP”). Awards made from the BPIP have a three-year performance period based on a measurement of the adjusted operating margin* and organic revenue growth**. The pay-out amount will be determined based on BlackRock’s achievement relative to target financial results at the conclusion of the performance period. The maximum number of shares that can be earned is 165% of the award in those situations where both metrics achieve pre-determined financial targets. No shares will be earned where BlackRock’s financial performance in both of the above metrics is below a pre-determined performance threshold. These metrics have been selected as key measures of shareholder value which endure over market cycles.

A limited number of investment professionals have a portion of their annual discretionary bonus (as described above) awarded as deferred cash that notionally tracks investment in selected products managed by the relevant employee. The intention of these awards is to align investment professionals with the investment returns of the products they manage through the deferral of compensation into those products. Clients and external evaluators have increasingly viewed more favourably those products where key investors have “skin in the game” through significant personal investments.

Identified employees

The UCITS Remuneration Policy sets out the process that will be applied to identify staff as identified employees, these being categories of staff of the Manager, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Manager or of the funds it manages.

The list of Identified Staff will be subject to regular review, being formally reviewed in the event of, but not limited to:

- organisational changes;
- new business initiatives;
- changes to the lists of functions with significant influence;
- changes to the job description; and
- changes to the regulatory guidelines.

Numerical disclosure of the fee

The Manager is obliged, according to the Directive, to disclose numerical information on the remuneration. These disclosures are made in line with BlackRock’s interpretation of currently available regulatory guidance on quantitative remuneration disclosures. As market or regulatory practice develops BlackRock may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated. Where such changes are made, this may result in disclosures in relation to a fund not being comparable to the disclosures made in the prior year, or in relation to other BlackRock fund disclosures in that same year.

Disclosures are provided in relation to (a) the staff of the Manager; (b) Board members; and (c) staff who have the ability to materially affect the risk profile of the Manager or the Fund.

All individuals included in the aggregated figures disclosed are rewarded in line with BlackRock’s remuneration policy for their responsibilities across the relevant BlackRock business area. As all individuals have a number of areas of responsibilities, only the portion of remuneration for those individuals’ services attributable to the Manager’s UCITS activities is included in the aggregate figures disclosed.

* Adjusted operating margin: As reported in BlackRock, Inc.’s external filings, this reflects adjusted operating income divided by total revenue net of distribution and servicing expenses and amortisation of deferred sales commission.

** Organic revenue growth: Equal to net new base fees plus net new Aladdin revenue generated in the year (in dollars).

**Annual Report for iShares DivDAX® UCITS ETF (DE)
for the reporting period from 01/06/2017 to 31/05/2018**

Members of staff and senior management of the Manager typically provide both UCITS and non-UCITS related services in respect of multiple funds, clients and functions of the Manager and across the broader BlackRock group. However, the figures disclosed are a sum of each individual's portion of remuneration attributable to the Manager's UCITS activities according to an objective apportionment methodology which acknowledges the multiple-service nature of the Manager. Accordingly the figures are not representative of any individual's actual remuneration or their remuneration structure.

The amount of the total remuneration awarded by the Manager to its staff which has been attributed to the Manager's UCITS activities in respect of the Manager's financial year ending 31 December 2017 is EUR 1.69 million. This figure is comprised of fixed remuneration of EUR 1.10 million and variable remuneration of EUR 0.59 million. According to the regulations described above this remuneration was made to a total of 22 employees.

The total remuneration paid by the Manager to the Management Board for the Manager's UCITS business in respect of the Manager's financial year ended 31 December 2017 was EUR 0.56 million, and that to those employees whose activities have a major impact on the risk profile of the Manager or fund was EUR 0.35 million.

Further information necessary for understanding the report pursuant to Section 7 No. 9 d) KARBV

Explanation of the calculation of net change in unrealised gains and losses

Determination of net change in unrealised gains and losses takes place by means of comparing, in each financial year, the valuations of assets included in the unit price with the relevant historical purchase prices, the level of the positive differences in the sum of unrealised gains included, the level of the negative differences in the sum of unrealised losses included and by determining the net changes from a comparison of the sum totals at the end of the financial year with those at the beginning.

Notes

Additional notes in accordance with Regulation (EU) 2015/2365 on securities financing transactions

In the period under review, no transactions as defined by Article 3 No. 11 and No. 18 of Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 were carried out, i.e. securities financing transactions or total return swaps.

Munich, 17 August 2018
BlackRock Asset Management Deutschland AG



Alexander Mertz



Harald Klug

**Annual Report for iShares DivDAX[®] UCITS ETF (DE)
for the reporting period from 01/06/2017 to 31/05/2018**

Auditor's Report

To BlackRock Asset Management Deutschland AG, Munich

In accordance with Section 102 of the German Investment Code (KAGB), BlackRock Asset Management Deutschland AG, Munich, has commissioned us to audit the annual report for the investment fund iShares DivDAX[®] UCITS ETF (DE) for the financial year from 01 June 2017 to 31 May 2018.

Responsibility of the legal representatives

The preparation of the annual report in accordance with the KAGB is the responsibility of the legal representatives of the investment management company.

Responsibility of the auditor

Our responsibility is to express an opinion on the annual report based on our audit.

We conducted our audit in accordance with Section 102 of the KAGB and German generally accepted standards for the audit of financial statements issued by the German Institut der Wirtschaftsprüfer (IDW). These standards require us to plan and perform the audit in such a way that inaccuracies and infringements materially affecting the annual report are detected with reasonable assurance. Knowledge of the management of the investment fund and expectations of potential misstatements are taken into account when determining the audit procedures. The effectiveness of the internal control system used when accounting and the evidence supporting the disclosures in the annual report are examined, primarily on a test basis, within the framework of the audit. The audit includes an assessment of the accounting principles used for the annual report and material estimates by the legal representatives of the investment management company. We are of the opinion that our audit forms a reasonable basis for our audit assessment.

Opinion

According to our appraisal, based on the findings gained during our audit, the annual report for the financial year 01 June 2017 to 31 May 2018 complies with the legal regulations.

Munich, 20 August 2018

**Deloitte GmbH
Wirtschaftsprüfungsgesellschaft**

Koch
Auditor

Rumpelt
Auditor

BlackRock Asset Management Deutschland AG				
Lenbachplatz 1				
80333 Munich, Germany				
iShares DivDAX® UCITS ETF (DE)				
ISIN: DE0002635273				
Bases of taxation pursuant to Section 5 Para. 1 Sentence 1 No. 1 and No. 2 InvStG (German Investment Tax Act)				
Financial year from 01 June 2017 to 31 May 2018				
Ex-date of reinvestment: 2 January 2018				
Article 5 Para. 1 Sentence 1 No. German 2)		Private assets	Business assets ESTG (German Income)	Business assets KStG (German Capital)
		EUR	EUR	EUR
		per unit	per unit	per unit
	Amount of reinvestment/deemed distribution income	0.0000000	0.0000000	0.0000000
	1c) Included in the reinvestment:			
1 c) aa)	Income as defined in Section 2 Para. 2 Sentence 1 InvStG in conjunction with Section 3 No. 40 EStG, or in the case of Section 16 InvStG in conjunction with Section 8b Para. 1 KStG (German	-	0.0000000	0.0000000
1 c) cc)	Income within the meaning of Article 2 Para. 2a InvStG (interest limit)	-	0.0000000	0.0000000
1 c) gg)	Income that is tax-exempt on the basis of DTA (in particular foreign rental income and profits from the purchase and sale of foreign land)	0.0000000	0.0000000	0.0000000
1 c) hh)	DTA tax-free income included in 1 c) gg) that is not subject to the progression provision	0.0000000	0.0000000	0.0000000
1 c) ii)	Foreign income on which foreign withholding taxes were actually retained or are deemed retained, provided the foreign withholding tax was not treated as income-related expenses at the fund level	0.0000000	0.0000000	0.0000000
1 c) jj)	Foreign income included in ii) within the meaning of Section 3 No. 40 EStG and Section 8b Para. 2 KStG or in the case of Section 16 InvStG in conjunction with Section 8b Para. 1 KStG	-	0.0000000	0.0000000
	Income from foreign REITs included in ii)	0.0000000	0.0000000	0.0000000
1 c) kk)	Foreign income on which foreign withholding taxes are considered to have been retained (notional withholding tax) included in ii)	0.0000000	0.0000000	0.0000000
1 c) ll)	Foreign income included in kk) within the meaning of Section 3 No. 40 EStG and Section 8b Para. 2 KStG or in the case of Section 16 InvStG in conjunction with Section 8b Para. 1 KStG	-	0.0000000	0.0000000
1 d) Capital gains tax measurement basis		0.0000000	0.0000000	0.0000000
1 d) aa)	Income included in d) within the meaning of Article 7 Para. 1 and 2 InvStG	0.0000000	0.0000000	0.0000000
1 d) bb)	Domestic dividends and taxable domestic real estate income included in d)	0.0000000	0.0000000	0.0000000
	of which from German REITs	0.0000000	0.0000000	0.0000000
1 d) cc)	Foreign dividends, capital gains, gains from writing options and futures transactions included in d) aa)	0.0000000	0.0000000	0.0000000
	of which from foreign REITs	0.0000000	0.0000000	0.0000000
1 f) Allowable/deductible and notional foreign withholding tax				
1 f) aa)	Deductible foreign withholding tax, provided it is not treated as income-related expenses at the fund level	0.0000000	0.0000000	0.0000000
1 f) bb)	Deductible withholding tax on foreign income included in aa) within the meaning of Section 3 No. 40 EStG and Section 8b Para. 2 KStG, or in the case of Section 16 InvStG in conjunction with Section	-	0.0000000	0.0000000
	Deductible withholding tax on income from foreign REITs included in aa)	0.0000000	0.0000000	0.0000000
1 f) cc)	Deductible foreign withholding tax	0.0000000	0.0000000	0.0000000
1 f) dd)	Deductible withholding tax on foreign income included in cc) within the meaning of Section 3 No. 40 EStG and Section 8b Para. 2 KStG, or in the case of Section 16 InvStG in conjunction with Section	-	0.0000000	0.0000000
1 f) ee)	Notionally deductible foreign withholding tax	0.0000000	0.0000000	0.0000000
1 f) ff)	Notionally deductible withholding tax on foreign income included in ee) within the meaning of Section 3 No. 40 EStG and Section 8b Para. 2 KStG, or in the case of Section 16 InvStG in conjunction with	-	0.0000000	0.0000000
1 g) Deduction for depreciation or depletion (for real estate)		0.0000000	0.0000000	0.0000000
1 h) Total withholding tax paid and reimbursed in the financial year		0.0000000	0.0000000	0.0000000

The distribution-equivalent income is regarded as having been received as at 31 December 2017.

Management Company and Depository

Management Company

BlackRock Asset Management Deutschland AG
Lenbachplatz 1
80333 Munich, Germany

Share capital as at 31/12/2017: EUR 5 million
Liable equity as at 31/12/2017: EUR 34.40 million

Shareholder

BlackRock Investment Management (UK) Limited

Management

Dirk Schmitz*
Chair of the Executive Board
Frankfurt

Alexander Mertz
Executive Board (Chairman of the Executive Board in the period from 31/10/2017 to 09/03/2018)
Munich

Harald Klug
Executive Board
Munich

Peter Scharl**
Executive Board
Munich

Christian Staub***
Chairman of the Executive Board
Munich

Supervisory Board

Friedrich Merz (Chair)
Lawyer
Düsseldorf

Stephen Cohen****
BlackRock, Managing Director, Head of Sales EMEA iShares
London, UK

Stacey Mullin*****
BlackRock, Managing Director, COO EMEA
London, UK

Rachel Lord*****
BlackRock, Managing Director, Head of Sales EMEA iShares
London, UK

Patrick Olson*****
BlackRock, Managing Director, COO EMEA
London, UK

Depository

State Street Bank International GmbH
Brienner Straße 59
80333 Munich, Germany

Auditor

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft
Rosenheimer Platz 4
81669 Munich, Germany

(*) since 09/03/2018

(**) since 28/08/2017

(***) until 31/10/2017

(****) since 24/11/2017

(*****) since 14/03/2018

(*****) until 24/11/2017

(*****) until 14/03/2018



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