

## ISHRINTL

Model Start Date: 10/6/2005

### Model Objective

The purpose of the iShares International Rotation Model is to provide a guideline for managing a piece of a portfolio, one contained on a cargo ship so to speak, using only international exchange traded funds, and specifically the iShares product. The basis for allocations in the portfolio will be made upon Point & Figure sector tools with the emphasis on relative strength. When the Point & Figure relative strength indications are positive for a country, positions will be suggested for the corresponding iShares ETFs. Conversely, when the Point & Figure technical indicators are negative for a country, positions will not be suggested for this country. The portfolio will attempt to capture the strongest trends and avoid the weakest trends. Since this Model is designed to be a piece of a portfolio, it will remain 100% invested at all times.

### Relative Strength Methodology

The most adaptive tool we have found to achieve the goal of discerning the strongest trends versus the weakest is relative strength. Relative strength is longer term in nature and thus designed to avoid a large amount of potential turnover in the portfolio, while also being responsive enough so as to allow for rotation in the portfolio when market trends necessitate it. In short, relative strength aims us to keep our losses small while letting our profits run and that is the key to successful portfolio management. The systematic and rules based approach also allows us to eliminate the human or "gut feel" trades as our research has found the more we let the system do the work, the better the returns generally will be.

### Systematic Portfolio Rules

- Over 30 international iShares ETFs are considered, including the iShares Dow Jones Total Market Index (IYY) as the US representative
- The portfolio stays 100% invested at all times.
- There are only five positions in the portfolio in an equal weighted manner.
- To be included in the portfolio, the ETF must have superior relative strength versus other possible inclusions to the portfolio.
- Positions are not rebalanced and are held as long as the relative strength calculations remains strong.
- Once a member of the portfolio, to be replaced, the ETF must fall significantly out of favor versus the field.
- When a position is sold, the proceeds move into the strongest relative strength ETF not currently in the portfolio. Do not re-balance when a position is switched out.
- When a position within the model either falls below 13% of the portfolio or rises above 27% of the portfolio, the Model will re-balance and all of the holdings will then be equally weighted.

### Model Inventory

Symbol	ETF Name	Symbol	ETF Name	Symbol	ETF Name
AAXJ	iShares MSCI All Country Asia ex-Japan ETF	BKF	iShares MSCI BRIC Index Fund	ECH	iShares MSCI Chile ETF
EEM	iShares Emerging Markets ETF	EFA	iShares MSCI EAFE ETF	EIDO	iShares MSCI Indonesia Investable Market ETF
EIS	iShares MSCI Israel Capped ETF	EPHE	iShares Philippines Investable Market ETF	EPOL	iShares MSCI Poland Investable Market Index ETF
EPP	iShares MSCI Pacific Ex-Japan ETF	EPU	iShares MSCI All Peru Capped ETF	ERUS	iShares MSCI Russia Capped ETF
EWA	iShares MSCI Australia ETF	EWC	iShares MSCI Canada ETF	EWD	iShares MSCI Sweden ETF
EWG	iShares MSCI Germany ETF	EWH	iShares MSCI Hong Kong ETF	EWI	iShares MSCI Italy ETF
EWJ	iShares MSCI Japan ETF	EWK	iShares MSCI Belgium ETF	EWL	iShares MSCI Switzerland ETF
EWM	iShares MSCI Malaysia ETF	EWN	iShares MSCI Netherlands ETF	EWO	iShares MSCI Austria ETF
EWP	iShares MSCI Spain ETF	EWQ	iShares MSCI France ETF	EWS	iShares MSCI Singapore ETF
EWT	iShares MSCI Taiwan ETF	EWU	iShares MSCI United Kingdom ETF	EWX	iShares MSCI Mexico ETF
EWY	iShares MSCI South Korea ETF	EWZ	iShares Brazil ETF	EZA	iShares MSCI South Africa ETF
EZU	iShares MSCI EMU ETF	FCHI	iShares FTSE China (HK Listed) ETF	FXI	iShares FTSE/Xinhua China Large Cap ETF
IEV	iShares Europe ETF	ILF	iShares Latin America ETF	INDY	iShares S&P India Nifty 50 ETF
ITF	iShares Japan Large-Cap ETF	IYY	iShares Dow Jones US ETF	THD	iShares MSCI Thailand Capped ETF
TUR	iShares MSCI Turkey ETF	EEMS	iShares MSCI Emerging Markets Small Cap ETF	ENZL	iShares MSCI New Zealand Investable Market ETF

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