

iShares Russell Series

iShares S&P Series

iShares Dow Jones Series

iShares Cohen & Steers Series

iShares Nasdaq Series

The information provided  
in the wrapper is not part  
of the prospectus.

**iSHARES TRUST**  
**SUPPLEMENT DATED FEBRUARY 22, 2001**  
**to the**  
**PROSPECTUS AND**  
**STATEMENT OF ADDITIONAL INFORMATION**  
**DATED MAY 12, 2000**  
**(AS REVISED JANUARY 30, 2001)**

*The information in this Supplement updates the information in, and should be read in conjunction with, the Prospectus and the Statement of Additional Information of iShares Trust, each dated May 12, 2000 (as revised January 30, 2001).*

***The iShares S&P SmallCap 600 Index Fund (IJR) Utilizes Representative Sampling as its Investment Strategy***

Effective February 22, 2001 the iShares S&P SmallCap 600 Index Fund (IJR) will utilize a Representative Sampling strategy to try and track the S&P SmallCap 600 Index.

***The iShares S&P SmallCap 600/BARRA Value Index Fund (IJS) Utilizes Representative Sampling as its Investment Strategy***

Effective February 22, 2001 the iShares S&P SmallCap 600/BARRA Value Index Fund (IJS) will utilize a Representative Sampling strategy to try and track the S&P SmallCap 600/BARRA Value Index.

***The iShares Russell 2000 Value Index Fund (IWN) Utilizes Representative Sampling as its Investment Strategy***

Effective February 22, 2001 the iShares Russell 2000 Value Index Fund (IWN) will utilize a Representative Sampling strategy to try and track the Russell 2000 Value Index.

***The iShares Russell 3000 Value Index Fund (IWW) Utilizes Representative Sampling as its Investment Strategy***

Effective February 22, 2001 the iShares Russell 3000 Value Index Fund (IWW) will utilize a Representative Sampling strategy to try and track the Russell 3000 Value Index.

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# iShares<sup>(SM)</sup>

## iShares Trust

The *iShares Trust* consists of over 35 separate investment portfolios called “Funds”. Each Fund described herein seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular equity market index compiled by one of five “Index Providers”: Standard & Poor’s (a division of The McGraw-Hill Companies, Inc.), Dow Jones & Company, Frank Russell Company, Cohen & Steers Capital Management, Inc. and the Nasdaq Stock Market, Inc.® Barclays Global Fund Advisors is the advisor to each Fund.

The shares of the Funds, called “iShares”, are listed for trading on the American Stock Exchange LLC (“AMEX”), except that shares of the S&P 100 Index Fund are listed on the Chicago Board Options Exchange (“CBOE”) and shares of the S&P Global 100 Index Fund are listed on the New York Stock Exchange, Inc. (“NYSE”). iShares trade on the AMEX, CBOE or on the NYSE at market prices throughout the trading day. Market prices for iShares may be different from their net asset value (“NAV”).

Each Fund issues and redeems iShares at NAV only in large blocks of 50,000 iShares or multiples thereof. These “Creation Unit” transactions are usually in exchange for a basket of stocks and an amount of cash. As a practical matter, only institutions or large investors purchase or redeem Creation Units.

*Except when aggregated in Creation Units, iShares are not redeemable securities.*

**The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

**Prospectus dated May 12, 2000  
(as revised January 30, 2001)**

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# Overview

## Introduction

This Prospectus provides the information you need to make an informed decision about investing in iShares. It contains important facts about the iShares Trust as a whole and each Fund.

An index is a group of stocks that an Index Provider selects as representative of a market, market segment or specific industry sector. The Index Provider determines the relative weightings of the stocks in the index and publishes information regarding the market value of the index.

Each Fund is an “index fund” which seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index (its “Underlying Index”). Barclays Global Fund Advisors (“BGFA”), the advisor to each Fund, is a subsidiary of Barclays Global Investors, N.A. (“BGI”). BGFA and its affiliates are not affiliated with any of the Index Providers:

**Standard & Poor’s**, a division of The McGraw-Hill Companies, Inc. provides financial, economic and investment information and analytical services to the financial community;

**Dow Jones & Company** publishes The Wall Street Journal and its international and interactive editions, Barron’s and SmartMoney magazines and other periodicals, the Dow Jones Newswires, dowjones.com, and the Ottaway group of community newspapers; and

**Frank Russell Company** is an investment services firm that offers a variety of investment management products and services.

**Cohen & Steers** provides financial, economic and investment information and analytical services to the financial community.

**The Nasdaq Stock Market** calculates and disseminates various indices including the Nasdaq Composite.

The *Principal Investment Strategies* and the *Principal Risk Factors Common to All Funds* sections discuss the principal strategies and risks applicable to the Funds, while the *Description of iShares Funds* sections provide important information about each Fund, including a brief description of its Underlying Index and principal risks specific to that Fund.

## Investment Objective

Each Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of its Underlying Index.

## Principal Investment Strategies

BGFA uses a “passive” or indexing approach to try to achieve each Fund’s investment objective. Unlike many investment companies, the Funds do not try to “beat” the markets they track and do not seek temporary defensive positions when markets decline or appear overvalued. BGFA does not make any judgments about the investment merit of a particular stock, nor does it attempt to apply any economic, financial or market analysis.

Indexing may eliminate some of the risks of active management, such as poor stock selection. Indexing may also help increase after-tax performance by keeping portfolio turnover low in comparison to actively managed investment companies.

Each Fund will invest at least 90% of its total assets in the stocks of its Underlying Index. A Fund may hold up to 10% of its total assets in stocks not included in its Underlying Index. For example, BGFA may invest in stocks not included in the relevant Underlying Index in order to reflect various corporate

actions (such as mergers) and other changes in the relevant Underlying Index (such as reconstitutions, additions and deletions). As long as a Fund invests at least 90% of its total assets in the stocks of its Underlying Index, it may also invest its other assets in futures contracts, options on futures contracts, options, and swaps related to its Underlying Index, as well as cash and cash equivalents.

BGFA uses two basic indexing strategies – Replication and Representative Sampling – as described below. The *Description of iShares Funds* sections indicate the strategy of each Fund.

## Replication

“Replication” is investing in substantially all of the stocks in the relevant Underlying Index in approximately the same proportions as in the Underlying Index.

## Representative Sampling

“Representative Sampling” is investing in a representative sample of stocks in the Underlying Index, which have a similar investment profile as the Underlying Index. Stocks selected have aggregate investment characteristics (based on market capitalization and industry weightings), fundamental characteristics (such as return variability, earnings valuation and yield) and liquidity measures similar to those of the relevant Underlying Index. Funds that use Representative Sampling generally do not hold all of the stocks that are included in the relevant Underlying Index.

## Correlation

An index is a theoretical financial calculation while a Fund is an actual investment portfolio. The performance of a Fund and its Underlying Index will vary somewhat due to transaction costs, market impact, corporate actions (such as mergers and spin-offs) and timing variances.

BGFA expects that, over time, the correlation between each Fund’s performance and that of its Underlying Index, before fees and expenses, will be 95% or better. A figure of 100% would indicate perfect correlation. Any correlation of less than 100% is called “tracking error”. A Fund using Representative Sampling can be expected to have a greater tracking error than a Fund using Replication.

## Industry Concentration Policy

No Fund will concentrate its investments (i.e. hold 25% or more of its total assets in the stocks of a particular industry or group of industries), except that a Fund will concentrate to approximately the same extent that its Underlying Index concentrates in the stocks of such particular industry or group of industries. For purposes of this limitation, securities of the U.S. Government (including its agencies and instrumentalities), repurchase agreements collateralized by U.S. Government securities, and securities of state or municipal governments and their political subdivisions are not considered to be issued by members of any industry.

## Principal Risk Factors Common to all Funds

Each Fund is subject to the principal risks described below. Additional principal risks associated with a Fund are discussed under the description of such Fund. Some or all of these risks may adversely affect a Fund’s net asset value (“NAV”), trading price, yield, total return and/or its ability to meet its objectives.

## Market Risk

Each Fund’s NAV will react to securities markets movements. You could lose money over short periods due to fluctuation in a Fund’s NAV in response to market movements, and over longer periods during market downturns.

## Asset Class Risk

The returns from the types of securities in which a Fund invests may underperform returns from the various general securities markets or different asset classes. Different types of securities tend to go through cycles of out-performance and underperformance in comparison to the general securities markets.

## Passive Investments

The Funds are not actively managed. Each Fund may be affected by a general decline in the U.S. or foreign market segments relating to its Underlying Index. Each Fund invests in the securities included in its Underlying Index regardless of their investment merit. BGFA does not attempt to individually select stocks or to take defensive positions in declining markets.

## Tracking Error Risk

Factors such as the fees and expenses of a Fund, imperfect correlation between a Fund's stocks and those in its Underlying Index, rounding of share prices, changes to the Underlying Indices and regulatory policies may affect BGFA's ability to achieve close correlation with the Underlying Index of each Fund. Each Fund's returns may therefore deviate from those of its Underlying Index.

## Lack of Governmental Insurance or Guarantee

An investment in the Funds is not a bank deposit nor is it insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

## Concentration

If the Underlying Index of a Fund concentrates in a particular industry or group of industries, that Fund may be adversely affected by the performance of those stocks and be subject to price volatility. In addition, a Fund that concentrates in a single industry or group of industries may be more susceptible to any single economic, market, political or regulatory occurrence.

## Derivatives

A derivative is a financial contract the value of which depends on, or is derived from, the value of an underlying asset such as a security or an index. Each Fund may invest in stock index future contracts and other derivatives. Compared to conventional securities, derivatives can be more sensitive to changes in interest rates or to sudden fluctuations in market prices and thus a Fund's losses may be greater if it invests in derivatives than if it invests only in conventional securities.

## Market Trading Risks

### *Absence of Prior Active Market*

Although the iShares described in this Prospectus are listed for trading on a national securities exchange, such as AMEX, CBOE or the NYSE (the "Listing Exchange"), there can be no assurance that an active trading market for iShares will develop or be maintained.

### *Lack of Market Liquidity*

Trading in iShares may be halted because of market conditions or for reasons that, in the view of the Listing Exchange, make trading in iShares inadvisable. In addition, trading in iShares is subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules. There can be no assurance that the requirements necessary to maintain the listing of the iShares of any Fund will continue to be met or will remain unchanged.

*iShares May Trade at Prices Other than NAV*

iShares may trade below, at, or above their NAV. The NAV of iShares will fluctuate with changes in the market value of a Fund's holdings. The trading prices of iShares will fluctuate in accordance with changes in their NAVs as well as market supply and demand. However, given that iShares can be created and redeemed only in Creation Units at NAV (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their NAVs), BGFA believes that large discounts or premiums to the NAVs of iShares should not be sustained.

Additional principal risks associated with investing in iShares of a particular Fund are discussed in the Description of iShares Funds sections.

# Description of iShares Funds

## iShares S&P Index Funds

- *iShares S&P 100 Index Fund*
- *iShares S&P 500 Index Fund*
- *iShares S&P 500/BARRA Growth Index Fund*
- *iShares S&P 500/BARRA Value Index Fund*
- *iShares S&P MidCap 400 Index Fund*
- *iShares S&P MidCap 400/BARRA Growth Index Fund*
- *iShares S&P MidCap 400/BARRA Value Index Fund*
- *iShares S&P SmallCap 600 Index Fund*
- *iShares S&P SmallCap 600/BARRA Growth Index Fund*
- *iShares S&P SmallCap 600/BARRA Value Index Fund*
- *iShares S&P Global 100 Index Fund*
- *iShares S&P Europe 350 Index Fund*
- *iShares S&P/TSE 60 Index Fund*

“Standard & Poor’s®”, “S&P®”, “S&P500®”, “Standard & Poor’s 500”, “S&P 500 Index”, “S&P MidCap 400 Index”, “S&P SmallCap 600 Index”, “S&P 500/BARRA Growth Index”, “Standard & Poor’s 500/BARRA Growth Index”, “S&P 500/BARRA Value Index”, “Standard & Poor’s 500/BARRA Value Index”, “S&P MidCap 400/BARRA Growth Index”, “S&P MidCap 400/BARRA Value Index”, “S&P SmallCap 600/BARRA Growth Index”, “S&P SmallCap 600/BARRA Value Index”, “S&P 100 Index”, “S&P Global 100 Index”, “S&P Europe 350 Index”, and “S&P/TSE 60 Index” are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use for certain purposes by BGI. The Funds that are based on S&P indices are not sponsored, endorsed, sold or promoted by Standard & Poor’s, and Standard & Poor’s makes no representation regarding the advisability of investing in iShares.

“TSE” is a trademark of the Toronto Stock Exchange.

# iShares S&P 100 Index Fund

**Cusip:** 464287101

**CBOE Trading Symbol:** OEF

**Underlying Index:** Standard & Poor's 100 Index

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## Investment Objective

The iShares S&P 100 Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P 100 Index (the "Index").

## Principal Investment Strategy

The Index measures the performance of the large capitalization sector of the U.S. equity market. It is a subset of the S&P 500 Index and consists of blue chip stocks from diverse industries in the S&P 500 Index. The Index represents approximately 40% of the market capitalization of listed U.S. equities. The Fund uses a Replication strategy to try to track the Index.

As of June 30, 2000, the Index consisted of 100 stocks. Its three largest stocks were General Electric Company, Intel Corporation and Cisco Systems Inc. (which comprised 7.80%, 6.66% and 6.58%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.
- The Fund is classified as "non-diversified." A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers. iShares of the Fund are traded on the CBOE.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

## Shareholder Fees

(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below) None

## Annual Fund Operating Expenses

(expenses that are deducted from the Fund's assets)\*\*

Management Fees	0.20%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None

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<b>Total Annual Fund Operating Expenses</b>	<b>0.20%</b>
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\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

<b>1 Year</b>	<b>3 Years</b>
\$21	\$65

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of June 30, 2000 was \$3,951,250. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$3,951,250 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$9,100 if the Creation Unit is redeemed after one year, and \$26,535 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares S&P 500 Index Fund

**Cusip:** 464287200

**AMEX Trading Symbol:** IVV

**Underlying Index:** Standard & Poor's 500 Index

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## Investment Objective

The S&P 500 Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P 500 Index (the "Index").

## Principal Investment Strategy

The Index measures the performance of the large-capitalization sector of the U.S. equity market. The Fund uses a Replication strategy to try to track the Index, which includes approximately 77% of the market capitalization of all publicly traded U.S. equity securities. The stocks in the Index are selected according to the total market value of their outstanding shares.

As of March 31, 2000, the Index consisted of 500 stocks. Its three largest stocks were Microsoft Corporation, Cisco Systems Inc. and General Electric Company (which comprised 4.36%, 4.17% and 4.01%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

## Shareholder Fees

(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below) None

## Annual Fund Operating Expenses

(expenses that are deducted from the Fund's assets)\*\*

Management Fees	0.09%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None

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<b>Total Annual Fund Operating Expenses</b>	<b>0.09%</b>
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\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

<b>1 Year</b>	<b>3 Years</b>
\$10	\$31

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$2,000 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$7,492,900. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$2,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$7,492,900 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$11,258 if the Creation Unit is redeemed after one year, and \$26,880 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares S&P 500/BARRA Growth Index Fund

**Cusip:** 464287309

**AMEX Trading Symbol:** IVW

**Underlying Index:** Standard & Poor's 500/BARRA Growth Index

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## Investment Objective

The S&P 500/BARRA Growth Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P 500/BARRA Growth Index (the "Index").

## Principal Investment Strategy

The Index measures the performance of the large-capitalization growth sector of the U.S. equity market. It is a subset of the S&P 500 Index and consists of those companies with the highest price-to-book ratios in the S&P 500 Index, representing approximately 50% of the market capitalization of the S&P 500 Index. The Fund uses a Replication strategy to try to track the Index.

As of March 31, 2000, the Index consisted of 110 stocks. Its three largest stocks were Microsoft Corporation, Cisco Systems Inc. and General Electric Company (which comprised 8.02%, 7.67% and 7.38%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Growth stocks may lack the dividend yield that can cushion stock prices in market downturns.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.
- The Fund is classified as "non-diversified." A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.18%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.18%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$18	\$58

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$4,612,000. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$4,612,000 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$9,509 if the Creation Unit is redeemed after one year, and \$27,825 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares S&P 500/BARRA Value Index Fund

**Cusip:** 464287408

**AMEX Trading Symbol:** IVE

**Underlying Index:** Standard & Poor's 500/BARRA Value Index

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## Investment Objective

The S&P 500/BARRA Value Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P 500/BARRA Value Index (the "Index").

## Principal Investment Strategy

The Index measures the performance of the large capitalization value sector of the U.S. equity market. It is a subset of the S&P 500 Index and consists of those stocks with the lowest price-to-book ratios in the S&P 500 Index, representing approximately 50% of the market capitalization of the S&P 500 Index. The Fund uses a Replication strategy to try to track the Index.

As of March 31, 2000, the Index consisted of 390 stocks. Its three largest stocks were Exxon Mobil Corporation, Citigroup, Inc. and AT&T Corporation (which comprised 4.64%, 3.46% and 3.11%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Value stocks can continue to be inexpensive for long periods of time and may not ever realize their full value.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

## Shareholder Fees

(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below) None

## Annual Fund Operating Expenses

(expenses that are deducted from the Fund's assets)\*\*

Management Fees	0.18%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None

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<b>Total Annual Fund Operating Expenses</b>	<b>0.18%</b>
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\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

<b>1 Year</b>		<b>3 Years</b>
\$18		\$58

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$1,500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$3,046,050. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$1,500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$3,046,050 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$8,620 if the Creation Unit is redeemed after one year, and \$20,717 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares S&P MidCap 400 Index Fund

**Cusip:** 464287507

**AMEX Trading Symbol:** IJH

**Underlying Index:** Standard & Poor's MidCap 400 Index

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## Investment Objective

The S&P MidCap 400 Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P MidCap 400 Index (the "Index").

## Principal Investment Strategy

The Index measures the performance of the mid-capitalization sector of the U.S. equity market. The Fund uses a Representative Sampling strategy to try to track the Index, which includes approximately 6% of the market capitalization of all U.S. equity securities. The stocks in the Index have a market capitalization between \$1 billion and \$5 billion (which may fluctuate depending on the overall level of the equity markets) and are selected for liquidity and industry group representation.

As of March 31, 2000, the Index consisted of 400 stocks. Its three largest stocks were Veritas Software Corporation, Siebel Systems, Inc. and Maxim Integrated Products, Inc. (which comprised 4.93%, 2.23% and 1.91%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Mid-capitalization stocks are more vulnerable than large-capitalization stocks to adverse business or economic developments.
- Mid-capitalization companies normally have less diverse product lines than large-capitalization companies and thus are more susceptible to adverse developments concerning their products.
- Mid-capitalization stocks may be thinly traded and thus may be difficult for the Fund to buy and sell.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

## Shareholder Fees

(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below) None

## Annual Fund Operating Expenses

(expenses that are deducted from the Fund's assets)\*\*

Management Fees	0.20%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None

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<b>Total Annual Fund Operating Expenses</b>	<b>0.20%</b>
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\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

<b>1 Year</b>		<b>3 Years</b>
\$21		\$65

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$1,500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$4,996,900. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$1,500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$4,996,900 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$13,244 if the Creation Unit is redeemed after one year, and \$35,293 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares S&P MidCap 400/BARRA Growth Index Fund

**Cusip:** 464287606

**AMEX Trading Symbol:** IJK

**Underlying Index:** Standard & Poor's MidCap 400/BARRA Growth Index

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## Investment Objective

The S&P MidCap 400/BARRA Growth Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P MidCap 400/BARRA Growth Index (the "Index").

## Principal Investment Strategy

The Index measures the performance of the mid-capitalization growth sector of the U.S. equity market. It is a subset of the S&P 400 Index and consists of those companies with the highest price-to-book ratios within the S&P 400 Index, representing approximately 50% of the market capitalization of the S&P 400 Index. The Index consists of stocks from a broad range of industries. The Fund uses a Replication strategy to try to track the Index.

As of March 31, 2000, the Index consisted of 126 stocks. Its three largest stocks were Veritas Software Corporation, Siebel Systems Inc. and Maxim Integrated Products, Inc. (which comprised 8.76%, 3.96% and 3.39%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Mid-capitalization stocks are more vulnerable than large-capitalization stocks to adverse business or economic developments.
- Mid-capitalization companies normally have less diverse product lines than large-capitalization companies and thus are more susceptible to adverse developments concerning their products.
- Mid-capitalization stocks may be thinly traded and thus may be difficult for the Fund to buy and sell.
- Growth stocks may lack the dividend yield that can cushion stock prices in market downturns.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.25%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.25%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$26	\$81

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$6,800,000. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$6,800,000 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$18,425 if the Creation Unit is redeemed after one year, and \$55,932 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares S&P MidCap 400/BARRA Value Index Fund

**Cusip:** 464287705

**AMEX Trading Symbol:** IJJ

**Underlying Index:** Standard & Poor's MidCap 400/BARRA Value Index

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## Investment Objective

The S&P MidCap 400/BARRA Value Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P MidCap 400/BARRA Value Index (the "Index").

## Principal Investment Strategy

The Index measures the performance of the mid-capitalization value sector of the U.S. equity market. It is a subset of the S&P 400 Index and consists of those companies with the lowest price-to-book ratios within the S&P 400 Index, representing approximately 50% of the market capitalization of the S&P MidCap 400 Index. The Index consists of stocks from a broad range of industries. The Fund uses a Replication strategy to try to track the Index.

As of March 31, 2000, the Index consisted of 274 stocks. Its three largest stocks were Dynegy Inc., Montana Power Company and Telephone and Data Systems, Inc. (which comprised 1.94%, 1.56% and 1.52%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Mid-capitalization stocks are more vulnerable than large-capitalization stocks to adverse business or economic developments.
- Mid-capitalization companies normally have less diverse product lines than large-capitalization companies and thus are more susceptible to adverse developments concerning their products.
- Mid-capitalization stocks may be thinly traded and thus may be difficult for the Fund to buy and sell.
- Value stocks can continue to be inexpensive for long periods of time and may not ever realize their full value.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.25%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.25%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$26	\$81

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$1,250 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$3,604,750. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$1,250 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$3,604,750 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$11,737 if the Creation Unit is redeemed after one year, and \$31,620 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares S&P SmallCap 600 Index Fund

**Cusip:** 464287804

**AMEX Trading Symbol:** IJR

**Underlying Index:** Standard & Poor's SmallCap 600 Index

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## Investment Objective

The S&P Small Cap 600 Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P SmallCap 600 Index (the "Index").

## Principal Investment Strategy

The Index measures the performance of publicly traded securities in the small-capitalization sector of the U.S. equity market. The Fund uses a Replication strategy to try to track the Index, which includes approximately 2.5% of the market capitalization of the U.S. equity market. The stocks in the Index:

- Have been traded for at least six months;
- Have a price greater than \$1 on any three or more business days during a 12-month period;
- Have an annualized turnover exceeding 20% of shares outstanding with not more than 50% of the shares owned by a single shareholder; and
- Have a bid-asked spread of 5% or less.

As of March 31, 2000, the Index consisted of 600 stocks. The Index's three largest stocks were Mercury Interactive Corporation, MarchFirst Inc. and IDEC Pharmaceuticals Corporation (which comprised 1.54%, 1.30% and 1.05%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Small-capitalization companies may be less financially secure than larger, more established companies.
- Small-capitalization companies may depend on a small number of essential personnel and thus more vulnerable to personnel loss.
- Small-capitalization companies normally have less diverse product lines than larger capitalization companies and thus are more susceptible to adverse developments concerning their products.
- Small-capitalization stocks may be thinly traded and thus may be difficult for the Fund to buy and sell.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.20%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<hr/> <b>Total Annual Fund Operating Expenses</b>	<hr/> <b>0.20%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

<b>1 Year</b>	<b>3 Years</b>
\$21	\$65

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$2,500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$5,223,750. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$2,500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$5,223,750 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$15,709 if the Creation Unit is redeemed after one year, and \$38,759 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares S&P SmallCap 600/BARRA Growth Index Fund

**Cusip:** 464287887

**AMEX Trading Symbol:** IJT

**Underlying Index:** Standard & Poor's SmallCap 600/BARRA Growth Index

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## Investment Objective/Approach

The S&P SmallCap 600/BARRA Growth Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P SmallCap 600/BARRA Growth Index (the "Index").

## Principal Investment Strategy

The Index measures the performance of the small-capitalization growth sector of the U.S. equity market. It is a subset of the S&P 600 Index and consists of those companies with the highest price-to-book ratios within the S&P 600 Index, representing approximately 50% of the market capitalization of the S&P SmallCap 600 Index. The Fund uses a Replication strategy to try to track the Index.

As of March 31, 2000, the Index consisted of 197 stocks. Its largest stocks were Mercury Interactive Corporation, MarchFirst Inc. and IDEC Pharmaceuticals Corporation (which comprised 2.86%, 2.41% and 1.96%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Small-capitalization companies may be less financially secure than larger, more established companies.
- Small-capitalization companies may depend on a small number of key personnel and thus are more vulnerable to personnel losses.
- Small-capitalization companies normally have less diverse product lines than larger capitalization companies and thus are more susceptible to adverse developments concerning their products.
- Small-capitalization stocks may be thinly traded and thus may be difficult for the Fund to buy and sell.
- Growth stocks may lack the dividend yield that can cushion stock prices in market downturns.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers. iShares are traded on the AMEX.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

## Shareholder Fees

(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below) None

## Annual Fund Operating Expenses

(expenses that are deducted from the Fund's assets)\*\*

Management Fees	0.25%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None

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<b>Total Annual Fund Operating Expenses</b>	<b>0.25%</b>
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\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

<b>1 Year</b>	<b>3 Years</b>
\$26	\$81

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$750 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$4,259,250. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$750 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$4,259,250 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$12,414 if the Creation Unit is redeemed after one year, and \$35,907 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares S&P SmallCap 600/BARRA Value Index Fund

**Cusip:** 464287879

**AMEX Trading Symbol:** IJS

**Underlying Index:** Standard & Poor's SmallCap 600/BARRA Value Index

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## Investment Objective

The S&P SmallCap 600/BARRA Value Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P SmallCap 600/BARRA Value Index (the "Index").

## Principal Investment Strategy

The Index measures the performance of the small-capitalization value sector of the U.S. equity market. It is a subset of the S&P 600 Index and consists of those companies with the lowest price-to-book ratios in the S&P SmallCap 600 Index, representing approximately 50% of the market capitalization of the S&P SmallCap 600 Index. The Fund uses a Replication strategy to try to track the Index.

As of March 31, 2000, the Index consisted of 403 stocks. Its three largest stocks were International Rectifier Corporation, Centura Banks Inc. and Radian Group, Inc. (formerly CMAC Investment Corporation), (which comprised 1.27%, 0.99% and 0.97%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Small-capitalization companies may be less financially secure than larger, more established companies.
- Small-capitalization companies may depend on a small number of essential personnel and are thus more vulnerable to personnel losses.
- Small-capitalization companies normally have less diverse product lines than larger capitalization companies and thus are more susceptible to adverse developments concerning their products.
- Small-capitalization stocks may be thinly traded and thus may be difficult for the Fund to buy and sell.
- Value stocks can continue to be inexpensive for long periods and may not ever realize their full value.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers. iShares are traded on the AMEX.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.25%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.25%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

<b>1 Year</b>	<b>3 Years</b>
\$26	\$81

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$1,750 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$3,301,000. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$1,750 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$3,301,000 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$11,959 if the Creation Unit is redeemed after one year, and \$30,166 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares S&P Global 100 Index Fund

**Cusip:** 464287572

**NYSE Trading Symbol:** I00

**Underlying Index:** Standard & Poor's Global 100 Index<sup>1</sup>

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## Investment Objective

The iShares S&P Global 100 Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P Global 100 Index (the “Underlying Index”).

## Principal Investment Strategy

The Underlying Index is designed to measure the performance of large trans-national companies that are of major importance in the global markets. It is a subset of the S&P Global 1200 Index and contains 100 common stocks, screened for sector representation, liquidity and size. The market capitalization of constituent companies is adjusted to reflect only those shares that are available to foreign investors. The Fund uses a Representative Sampling strategy to try to track the Underlying Index.

As of June 30, 2000, the Underlying Index consisted of 100 stocks. Its three largest stocks were General Electric, Intel Corp. and Microsoft Corp. (which comprised 6.00%, 4.87% and 3.61%, respectively, of its market capitalization). Also, as of June 30, 2000, the Underlying Index was comprised of stocks of companies in the following countries: Australia, Belgium, Canada, Finland, France, Germany, Great Britain, Italy, Japan, Korea, Mexico, Netherlands, Spain, Sweden, Switzerland and the United States.

## Principal Risks Specific to the Fund

- The stocks in the Underlying Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- Since foreign exchanges are open on days when the Fund does not price its shares, the value of the securities in the Fund’s portfolio may change on days when shareholders will not be able to purchase or sell the Fund’s shares.
- An investment in the Fund involves risks similar to those of investing in a broad-based portfolio of equity securities traded on exchanges in the securities markets of the component countries. These risks include:
  - Less liquid and less efficient securities markets;
  - Greater price volatility;
  - Exchange rate fluctuations and exchange controls;
  - Less publicly available information about issuers;
  - The imposition of withholding or other taxes;
  - The imposition of restrictions on the expatriation of funds or other assets of the Fund;
  - Higher transaction and custody costs and delays in attendant settlement procedures;
  - Difficulties in enforcing contractual obligations;
  - Lesser levels of regulation of the securities markets;
  - Different accounting, disclosure and reporting requirements;
  - More substantial government involvement in the economy;
  - Higher rates of inflation;
  - Greater social, economic and political uncertainty.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

## Fees and Expenses

*Most investors will buy and sell shares of the Fund through brokers. iShares of the Fund are traded on the NYSE.*

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

### Shareholder Fees

*(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)* None

### Annual Fund Operating Expenses

*(expenses that are deducted from the Fund's assets)\*\**

Management Fees	0.40%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None

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<b>Total Annual Fund Operating Expenses</b>	<b>0.40%</b>
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\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

<b>1 Year</b>	<b>3 Years</b>
\$42	\$132

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$2,000 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of June 30, 2000 was \$4,078,550. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$2,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$4,078,550 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$20,722 if the Creation Unit is redeemed after one year, and \$56,716 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares S&P Europe 350 Index Fund

**Cusip:** 464287861

**AMEX Trading Symbol:** IEV

**Underlying Index:** Standard & Poor's Europe 350 Index

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## Investment Objective

The S&P Europe 350 Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P Europe 350 Index (the "Index").

## Principal Investment Strategy

The Index measures the performance of the stocks of leading companies in the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. The market capitalization of constituent companies is adjusted to reflect only those stocks that are available to foreign investors. The stocks in the Index are chosen for market size, liquidity, industry group representation and geographic diversity. The Fund uses a Representative Sampling strategy to try to track the Index.

As of March 31, 2000, the Index consisted of 350 stocks. Its three largest stocks were Vodafone AirTouch, Nokia AB and BP Amoco (which comprised 5.99%, 4.10% and 3.10%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Since foreign exchanges are open on days when the Fund does not price its shares, the value of the securities in the Fund's portfolio may change on days when shareholders will not be able to purchase or sell the Fund's shares.
- An investment in the S&P Europe 350 Index Fund involves risks similar to those of investing in a broad-based portfolio of equity securities traded on exchanges in the securities markets of the component European countries. These risks include:
  - Less liquid and less efficient securities markets;
  - Greater price volatility;
  - Exchange rate fluctuations and exchange controls;
  - Local currency changes in interest rates;
  - Less publicly available information about issuers;
  - The imposition of withholding or other taxes;
  - The imposition of restrictions on the expatriation of funds or other assets of the Fund;
  - Higher transaction and custody costs and delays in attendant settlement procedures;
  - Difficulties in enforcing contractual obligations;
  - Lesser levels of regulation of the securities markets;
  - Different accounting, disclosure and reporting requirements;
  - More substantial government involvement in the economy;
  - Higher rates of inflation;
  - Greater social, economic and political uncertainty.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

## Fees and Expenses

*Most investors will buy and sell shares of the Fund through brokers. iShares are traded on the AMEX.*

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

### Shareholder Fees

*(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)* None

### Annual Fund Operating Expenses

*(expenses that are deducted from the Fund's assets)\*\**

Management Fees	0.60%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None

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**Total Annual Fund Operating Expenses** **0.60%**

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\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

<b>1 Year</b>	<b>3 Years</b>
\$62	\$194

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$12,000 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$3,377,425. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$12,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$3,377,425 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$44,771 if the Creation Unit is redeemed after one year, and \$89,481 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares S&P/TSE 60 Index Fund

**Cusip:** 464287853

**AMEX Trading Symbol:** IKC

**Underlying Index:** Standard & Poor's/TSE 60 Index

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## Investment Objective

The S&P/TSE 60 Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P/TSE 60 Index (the "Index"). "TSE" is a trademark of the Toronto Stock Exchange.

## Principal Investment Strategy

The Index measures the performance of the largest publicly traded stocks in Canada. The Index is maintained by the S&P Canadian Policy Committee, which is comprised of representatives of Standard & Poor's and the TSE. The market capitalization of constituent companies is adjusted to reflect only those stocks that are available for investment by the public. The Fund uses a Representative Sampling strategy to try to track the Index. The stocks in the Index are chosen for market size, liquidity and industry group representation.

As of March 31, 2000, the Index consisted of 60 stocks. Its three largest stocks were Nortel Networks Corporation, BCE, Inc. and The Seagram Company Limited (which comprised 26.38%, 18.55% and 4.46%, respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the same extent the Index is so concentrated. As of March 31, 2000, the Index was concentrated in information technology, which comprised 31.04% of its market capitalization (based on the composition of the Index).

## Principal Risks Specific to the Fund

- Since the TSE is open on days when the Fund does not price its shares, the value of the securities in the Fund's portfolio may change on days when shareholders will not be able to purchase or sell the Fund's shares.
- An investment in the Fund involves risks similar to those of investing in a broad-based portfolio of equity securities traded on the TSE. These risks include:
  - Less liquid and less efficient securities markets;
  - Greater price volatility;
  - Exchange rate fluctuations and exchange controls;
  - Local currency changes in interest rates;
  - Less publicly available information about issuers;
  - The imposition of withholding or other taxes;
  - The imposition of restrictions on the expatriation of funds or other assets of the Fund;
  - Higher transaction and custody costs and delays in attendant settlement procedures;
  - Different accounting, disclosure and reporting requirements;
  - More substantial government involvement in the economy;
  - Higher rates of inflation.
- The Fund is classified as "non-diversified." A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

## Fees and Expenses

*Most investors will buy and sell shares of the Fund through brokers.*

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

### Shareholder Fees

*(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)* None

### Annual Fund Operating Expenses

*(expenses that are deducted from the Fund's assets)\*\**

Management Fees	0.50%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None

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<b>Total Annual Fund Operating Expenses</b>	<b>0.50%</b>
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\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$51	\$162

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard transaction fee of \$1,250 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$2,844,450. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$1,250 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$2,844,450 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$17,078 if the Creation Unit is redeemed after one year, and \$48,457 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

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# Description of iShares Funds

## iShares Dow Jones U.S. Index Funds

- *iShares Dow Jones U.S. Total Market Index Fund*
- *iShares Dow Jones U.S. Basic Materials Sector Index Fund*
- *iShares Dow Jones U.S. Consumer Cyclical Sector Index Fund*
- *iShares Dow Jones U.S. Consumer Non-Cyclical Sector Index Fund*
- *iShares Dow Jones U.S. Energy Sector Index Fund*
- *iShares Dow Jones U.S. Financial Sector Index Fund*
- *iShares Dow Jones U.S. Healthcare Sector Index Fund*
- *iShares Dow Jones U.S. Industrial Sector Index Fund*
- *iShares Dow Jones U.S. Technology Sector Index Fund*
- *iShares Dow Jones U.S. Telecommunications Sector Index Fund*
- *iShares Dow Jones U.S. Utilities Sector Index Fund*
- *iShares Dow Jones U.S. Chemicals Index Fund*
- *iShares Dow Jones U.S. Financial Services Index Fund*
- *iShares Dow Jones U.S. Internet Index Fund*
- *iShares Dow Jones U.S. Real Estate Index Fund*

Dow Jones, Dow Jones U.S. Basic Materials Sector Index, Dow Jones U.S. Consumer Cyclical Sector Index, Dow Jones U.S. Consumer Non-Cyclical Sector Index, Dow Jones U.S. Energy Sector Index, Dow Jones U.S. Financial Sector Index, Dow Jones U.S. Healthcare Sector Index, Dow Jones U.S. Industrial Sector Index, Dow Jones U.S. Technology Sector Index, Dow Jones U.S. Telecommunications Sector Index, Dow Jones U.S. Utilities Sector Index, Dow Jones U.S. Total Market Index, Dow Jones U.S. Chemicals Index, Dow Jones U.S. Financial Services Composite Index, Dow Jones U.S. Internet Index and Dow Jones U.S. Real Estate Index are servicemarks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by BGI. The Funds that are based on Dow Jones indices are not sponsored, endorsed, sold or promoted by Dow Jones, and Dow Jones makes no representations regarding the advisability of investing in iShares.

# iShares Dow Jones U.S. Total Market Index Fund

**Cusip:** 464287846

**AMEX Trading Symbol:** IYY

**Underlying Index:** Dow Jones U.S. Total Market Index

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## Investment Objective

The Dow Jones U.S. Total Market Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Total Market Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the U.S. equity broad market. The Fund uses a Replication strategy to try to track the Index. The Index is comprised of all of the companies in the Dow Jones Large-Cap Index, Dow Jones Mid-Cap Index and Dow Jones Small-Cap Index. The Index is structured to represent approximately 95% of the market capitalization of all listed U.S. equity securities.

As of March 31, 2000, the Index consisted of 2,024 stocks. Its three largest stocks were Microsoft Corporation, Cisco Systems Inc. and General Electric Company (which comprised 3.55%, 3.40% and 3.27%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.20%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.20%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$21	\$65

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$8,000 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$3,544,100. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$8,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$3,544,100 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$23,265 if the Creation Unit is redeemed after one year, and \$38,904 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Dow Jones U.S. Basic Materials Sector Index Fund

**Cusip:** 464287838

**AMEX Trading Symbol:** IYM

**Underlying Index:** Dow Jones U.S. Basic Materials Sector Index

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## Investment Objective

The Dow Jones U.S. Basic Materials Sector Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Basic Materials Sector Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the basic materials economic sector of the U.S. equity market. The Fund uses a Representative Sampling strategy to try to track the Index. Component companies are involved in the production of aluminum, chemicals, commodities, chemicals specialty products, forest products, non-ferrous mining products, paper products, precious metals and steel.

As of March 31, 2000, the Index consisted of 87 stocks. Its three largest stocks were E. I. DuPont de Nemours and Company, Alcoa, Inc. and The Dow Chemical Company (which comprised 19.44%, 9.07% and 8.73%, respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the same extent the Index is so concentrated. As of March 31, 2000, the Index was concentrated in chemicals, which comprised 57.63% of its market capitalization (based on the composition of the Index).

## Principal Risks Specific to the Fund

- Companies in this sector could be adversely affected by commodity price volatility, exchange rates, import controls and increased competition.
- Production of industrial materials often exceeds demand as a result of over-building or economic downturns, leading to poor investment returns.
- Companies in this sector are at risk for environmental damage and product liability claims.
- Companies in this sector may be adversely affected by depletion of resources, technical progress, labor relations, and government regulations.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

## Shareholder Fees

(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below) None

## Annual Fund Operating Expenses

(expenses that are deducted from the Fund's assets)\*\*

Management Fees	0.60%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None

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<b>Total Annual Fund Operating Expenses</b>	<b>0.60%</b>
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- \* You will incur customary brokerage commissions when buying or selling shares of the Fund.
- \*\* Expressed as a percentage of average net assets.
- \*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

<b>1 Year</b>	<b>3 Years</b>
\$62	\$194

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$1,977,000. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$1,977,000 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$13,159 if the Creation Unit is redeemed after one year, and \$39,330 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Dow Jones U.S. Consumer Cyclical Sector Index Fund

**Cusip:** 464287580

**AMEX Trading Symbol:** IYC

**Underlying Index:** Dow Jones U.S. Consumer Cyclical Sector Index

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## Investment Objective

The Dow Jones U.S. Consumer Cyclical Sector Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Consumer Cyclical Sector Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the consumer cyclical economic sector of the U.S. equity market. The Fund uses a Representative Sampling strategy to try to track the Index. Component companies include airlines, auto manufacturers, tire and rubber manufacturers, auto parts suppliers, casinos, toy manufacturers, restaurant chains, home construction companies, lodging chains, broadline retailers, specialty retailers, footwear and clothing/fabric manufacturers, and media companies, such as advertising companies, entertainment and leisure companies, consumer electronics companies, broadcasters and publishers.

As of March 31, 2000, the Index consisted of 343 stocks. Its three largest stocks were Wal-Mart Stores, Inc., The Home Depot, Inc. and Time Warner, Inc. (which comprised 12.65%, 7.60% and 6.00% respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- The success of consumer product manufacturers and retailers is tied closely to the performance of the domestic and international economy, interest rates, competition and consumer confidence.
- The success of companies in this sector depends heavily on disposable household income and consumer spending.
- Companies in this sector are subject to severe competition.
- Changes in demographics and consumer tastes can affect the success of consumer products.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.60%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.60%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$62	\$194

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$1,500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$3,300,900. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$1,500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$3,300,900 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$23,301 if the Creation Unit is redeemed after one year, and \$66,997 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Dow Jones U.S. Consumer Non-Cyclical Sector Index Fund

**Cusip:** 464287812

**AMEX Trading Symbol:** IYK

**Underlying Index:** Dow Jones U.S. Consumer Non-Cyclical Sector Index

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## Investment Objective

The Dow Jones U.S. Consumer Non-Cyclical Sector Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Non-Cyclical Sector Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the consumer non-cyclical economic sector of the U.S. equity market. The Fund uses a Representative Sampling strategy to try to track the Index. Component companies include distillers and brewers, producers of soft drinks, consumer service companies, durable and non-durable household product manufacturers, cosmetics companies, food retailers, other food companies, tobacco and agricultural companies.

As of March 31, 2000, the Index consisted of 148 stocks. Its three largest stocks were America Online, Inc., The Coca-Cola Company and Yahoo Inc. (which comprised 13.77%, 10.40% and 8.10%, respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the extent the Index is so concentrated. As of March 31, 2000, the Index was concentrated in food and beverage, and consumer services, which comprised 34.44% and 31.29%, respectively, of its market capitalization (based on the composition of the Index).

## Principal Risks Specific to the Fund

- Governmental regulation affecting the permissibility of using various food additives and production methods could affect the profitability of companies in this sector.
- Tobacco companies may be adversely affected by new laws and/or by litigation.
- The success of food, soft drink and fashion related products might be strongly affected by fads, marketing campaigns and other factors affecting supply and demand.
- The products of internet-related and software companies may face produce obsolescence due to rapid technological developments and frequent new product introduction.
- Software and computer companies are heavily dependent on patents and intellectual property rights. The loss or impairment of such rights may adversely affect the profitability of these companies.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.60%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<hr/> <b>Total Annual Fund Operating Expenses</b>	<hr/> <b>0.60%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

<b>1 Year</b>	<b>3 Years</b>
\$62	\$194

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$2,061,300. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$2,061,300 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$13,677 if the Creation Unit is redeemed after one year, and \$40,964 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Dow Jones U.S. Energy Sector Index Fund

**Cusip:** 464287796

**AMEX Trading Symbol:** IYE

**Underlying Index:** Dow Jones U.S. Energy Sector Index

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## Investment Objective

The Dow Jones U.S. Energy Sector Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Energy Sector Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the energy sector of the U.S. equity market. The Fund uses a Representative Sampling strategy to try to track the Index. Component companies include oil equipment and services, oil-major, oil-secondary and pipelines.

As of March 31, 2000, the Index consisted of 88 stocks. Its three largest stocks were Exxon Mobil Corporation, Chevron Corporation and Schlumberger Limited (which comprised 37.95%, 8.55% and 5.93%, respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the same extent the Index is so concentrated. As of March 31, 2000, the Index was concentrated in oil and gas, which comprised 99.88% of its market capitalization (based on the composition of the Index).

## Principal Risks Specific to the Fund

- The profitability of companies in this sector is related to worldwide energy prices and exploration, and production spending.
- Companies in this sector could be adversely affected by changes in exchange rates.
- Companies in this sector are affected by government regulation, world events and economic conditions.
- Companies in this sector are at risk for environmental damage claims.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

## Shareholder Fees

(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)

None

## Annual Fund Operating Expenses

(expenses that are deducted from the Fund's assets)\*\*

Management Fees

0.60%

Distribution and Service (12b-1) Fees

None

Other Expenses\*\*\*

None

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## Total Annual Fund Operating Expenses

**0.60%**

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\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimis*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$62	\$194

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$2,387,100. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$2,387,100 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$15,681 if the Creation Unit is redeemed after one year, and \$47,281 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Dow Jones U.S. Financial Sector Index Fund

**Cusip:** 464287788

**AMEX Trading Symbol:** IYF

**Underlying Index:** Dow Jones U.S. Financial Sector Index

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## Investment Objective

The Dow Jones U.S. Financial Sector Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Financial Sector Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the financial economic sector of the U.S. equity market. The Fund uses a Representative Sampling strategy to try to track the Index. Component companies include major banks, regional banks, diversified financial companies, insurance companies, real estate companies, savings and loan associations, and securities brokers.

As of March 31, 2000, the Index consisted of 344 stocks. Its three largest stocks were Citigroup, Inc., American International Group Inc. (AIG) and Morgan Stanley Dean Witter Discover & Company (which comprised 10.10%, 8.56% and 4.68%, respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the same extent the Index is so concentrated. As of March 31, 2000, the Index was concentrated in specialty finance and banks, which comprised 41.75% and 35.08%, respectively, of its market capitalization (based on the composition of the Index).

## Principal Risks Specific to the Fund

- Companies in this sector are subject to extensive governmental regulation that affects the scope of their activities, the prices they can charge and the amount of capital they must maintain.
- The profitability of companies in this sector is adversely affected by increases in interest rates.
- The profitability of companies in this sector is adversely affected by loans losses, which usually increase in economic downturns.
- Insurance companies may be subject to severe price competition.
- Newly enacted laws are expected to result in increased inter-industry consolidation and competition in this sector.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.60%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.60%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$62	\$194

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$1,500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$3,595,400. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$1,500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$3,595,400 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$25,112 if the Creation Unit is redeemed after one year, and \$72,707 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Dow Jones U.S. Healthcare Sector Index Fund

**Cusip:** 464287762

**AMEX Trading Symbol:** IYH

**Underlying Index:** Dow Jones U.S. Healthcare Sector Index

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## Investment Objective

The Dow Jones U.S. Healthcare Sector Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Healthcare Sector Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the healthcare sector of the U.S. equity market. The Fund uses a Representative Sampling strategy to try to track the Index. Component companies include health care providers, biotechnology companies and manufacturers of medical supplies, advanced medical devices and pharmaceuticals.

As of March 31, 2000, the Index consisted of 171 stocks. Its three largest stocks were Merck & Company, Inc., Pfizer Inc. and Bristol-Myers Squibb Company (which comprised 10.42%, 10.15% and 8.22%, respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the same extent the Index is so concentrated. As of March 31, 2000, the Index was concentrated in pharmaceuticals and biotechnology, which comprised 78.29% of its market capitalization (based on the composition of the Index).

## Principal Risks Specific to the Fund

- Many companies in this sector are heavily dependent on patent protection. The expiration of patents may adversely affect the profitability of these companies.
- Companies in this sector are subject to extensive litigation based on product liability and similar claims.
- Companies in this sector are subject to competitive forces that may make it difficult to raise prices and, in fact, may result in price discounting.
- Many new products in this sector are subject to the approval of the Food and Drug Administration. The process of obtaining such approval is long and costly.
- Companies in this sector may be thinly capitalized.
- Companies in this sector may be susceptible to product obsolescence.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.60%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.60%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$62	\$194

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$750 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$2,737,000. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$750 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$2,737,000 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$18,333 if the Creation Unit is redeemed after one year, and \$54,565 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Dow Jones U.S. Industrial Sector Index Fund

**Cusip:** 464287754

**AMEX Trading Symbol:** IYJ

**Underlying Index:** Dow Jones U.S. Industrial Sector Index

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## Investment Objective

The Dow Jones U.S. Industrial Sector Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Industrial Sector Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the industrial sector of the U.S. equity market. The Fund uses a Representative Sampling strategy to try to track the Index. Component companies include aerospace and defense companies, advanced industrial companies, equipment manufacturers, air freight companies, building materials manufacturers, packaging companies, manufacturers of electrical components and equipment, heavy construction companies, manufacturers of heavy machinery, industrial services companies, industrial companies, marine transportation companies, railroads, shipbuilders, and trucking companies.

As of March 31, 2000, the Index consisted of 382 stocks. Its three largest stocks were General Electric Company, Tyco International Ltd. and JDS Uniphase Corporation (which comprised 27.57%, 4.66% and 4.10%, respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the same extent the Index is so concentrated. As of March 31, 2000, the Index was concentrated in industrial diversified, which comprised 46.74% of its market capitalization (based on the composition of the Index).

## Principal Risks Specific to the Fund

- The stock prices of companies in this sector are affected by supply and demand both for their specific product or service and for industrial sector products in general.
- The products of manufacturing companies may face product obsolescence due to rapid technological developments and frequent new product introduction.
- Government regulation, world events and economic conditions affect the performance of companies in this sector.
- Companies in this sector are at risk for environmental damage and product liability claims.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.60%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.60%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$62	\$194

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$1,500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$3,080,100. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$1,500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$3,080,100 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$21,943 if the Creation Unit is redeemed after one year, and \$62,717 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Dow Jones U.S. Technology Sector Index Fund

**Cusip:** 464287721

**AMEX Trading Symbol:** IYW

**Underlying Index:** Dow Jones U.S. Technology Sector Index

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## Investment Objective

The Dow Jones U.S. Technology Sector Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, the Dow Jones U.S. Technology Sector Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the technology sector of the U.S. equity market. The Fund uses a Representative Sampling strategy to try to track the Index. Component companies include those involved in the development and production of technology products, including computer hardware and software, telecommunications equipment, microcomputer components, integrated computer circuits and office equipment utilizing technology.

As of March 31, 2000, the Index consisted of 319 stocks. Its three largest stocks were Microsoft Corporation, Cisco Systems Inc. and Intel Corporation (which comprised 11.56%, 11.05% and 9.21%, respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the same extent the Index is so concentrated. As of March 31, 2000, the Index was concentrated in hardware and equipment, and software, which comprised 69.54% and 30.46%, respectively, of its market capitalization (based on the composition of the Index).

## Principal Risks Specific to the Fund

- Technology companies face intense competition, both domestically and internationally.
- Technology companies may have limited product lines, markets, financial resources or personnel.
- The products of technology companies may face product obsolescence due to rapid technological developments and frequent new product introduction.
- Technology companies may face dramatic and often unpredictable changes in growth rates and competition for the services of qualified personnel.
- Companies in this sector are heavily dependent on patent and intellectual property rights. The loss or impairment of these rights may adversely affect the profitability of these companies.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.60%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.60%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$62	\$194

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$1,250 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$7,072,650. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$1,250 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$7,072,650 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$45,997 if the Creation Unit is redeemed after one year, and \$139,624 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Dow Jones U.S. Telecommunications Sector Index Fund

**Cusip:** 464287713

**AMEX Trading Symbol:** IYZ

**Underlying Index:** Dow Jones U.S. Telecommunications Sector Index

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## Investment Objective

The Dow Jones U.S. Telecommunications Sector Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Telecommunications Sector Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the telecommunications sector of the U.S. equity market. The Fund uses a Representative Sampling strategy to try to track the Index. Component companies include fixed line communications and wireless communications companies.

As of March 31, 2000, the Index consisted of 54 stocks. Its three largest stocks were AT&T Corporation, SBC Communications Inc. and MCI Worldcom, Inc. (which comprised 15.83%, 12.62% and 11.33%, respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the same extent the Index is so concentrated. As of March 31, 2000, the Index was concentrated in fixed line communications, which comprised 86.07% of its market capitalization (based on the composition of the Index).

## Principal Risks Specific to the Fund

- The domestic telecommunications market is characterized by increasing competition and regulation by the Federal Communications Commission and various state regulatory authorities.
- Companies in this sector need to commit substantial capital to meet increasing competition, particularly in formulating new products and services using new technology.
- Technological innovations may make the products and services of telecommunications companies obsolete.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

## Shareholder Fees

(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below) None

## Annual Fund Operating Expenses

(expenses that are deducted from the Fund's assets)\*\*

Management Fees	0.60%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None

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<b>Total Annual Fund Operating Expenses</b>	<b>0.60%</b>
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\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

<b>1 Year</b>		<b>3 Years</b>
\$62		\$194

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$250 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$3,524,200. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$250 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$3,524,200 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$22,174 if the Creation Unit is redeemed after one year, and \$68,827 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Dow Jones U.S. Utilities Sector Index Fund

**Cusip:** 464287697

**AMEX Trading Symbol:** IDU

**Underlying Index:** Dow Jones U.S. Utilities Sector Index

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## Investment Objective

The Dow Jones U.S. Utilities Sector Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Utilities Sector Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the utilities sector of the U.S. equity market. The Fund uses a Representative Sampling strategy to try to track the Index. Component companies include electric utilities, gas utilities and water utilities.

As of March 31, 2000, the Index consisted of 88 stocks. Its three largest stocks were Enron Corporation, Duke Energy Corporation and AES Corporation (which comprised 15.07%, 5.40% and 4.57%, respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the same extent the Index is so concentrated. As of March 31, 2000, the Index was concentrated in electric, which comprised 92.18% of its market capitalization (based on the composition of the Index).

## Principal Risks Specific to the Fund

- The rates of regulated utility companies are subject to review and limitation by governmental regulatory commissions.
- The value of regulated utility debt securities (and, to a lesser extent, equity securities) tends to have an inverse relationship to the movement of interest rates.
- As deregulation allows utilities to diversify outside of their original geographic regions and their traditional lines of business, utilities may engage in riskier ventures where they have no experience.
- Deregulation is subjecting utility companies to greater competition and may adversely affect profitability.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.60%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.60%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$62	\$194

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$3,247,500. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$3,247,500 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$20,972 if the Creation Unit is redeemed after one year, and \$63,962 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Dow Jones U.S. Chemicals Index Fund

**Cusip:** 464287820

**AMEX Trading Symbol:** IYD

**Underlying Index:** Dow Jones U.S. Chemical Index

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## Investment Objective

The Dow Jones U.S. Chemicals Index Fund seeks investment returns that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Chemicals Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the chemicals industry portion of the U.S. equity market. The Fund uses a Representative Sampling strategy to try to track the Index. Component companies include chemicals, household products/wares, commercial services, miscellaneous manufacture, environmental control, pharmaceuticals and metals-diversified.

As of March 31, 2000, the Index consisted of 43 stocks. Its three largest stocks were E. I. DuPont de Nemours and Company, The Dow Chemical Company, and Rohm & Haas Company (which comprised 35.12%, 15.78% and 6.16%, respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the same extent the Index is so concentrated. As of March 31, 2000, the Index was concentrated in chemicals, which comprised 100% of its market capitalization (based on the composition of the Index).

## Principal Risks Specific to the Fund

- The chemical industry can be significantly affected by intense competition, product obsolescence and government regulation.
- The chemical industry is subject to risks associated with the production, handling and disposal of hazardous components.
- Companies in the chemical industry are at risk for environmental damage and product liability claims.
- Many companies in this sector are heavily dependent on patent protection. The expiration of patents may adversely affect the profitability of these companies.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.60%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.60%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$62	\$194

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$250 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$2,120,500. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$250 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$2,120,500 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$13,541 if the Creation Unit is redeemed after one year, and \$41,612 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Dow Jones U.S. Financial Services Index Fund

**Cusip:** 464287770

**AMEX Trading Symbol:** IYG

**Underlying Index:** Dow Jones U.S. Financial Services Index

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## Investment Objective

The Dow Jones U.S. Financial Services Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Financial Services Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the financial services industry segment of the U.S. equity market. It is a subset of the Dow Jones U.S. Financial Index. The Fund uses a Representative Sampling strategy to try to track the Index. Component companies include banks, savings and loan associations, specialty financial firms, and other financial services firms.

As of March 31, 2000, the Index consisted of 204 stocks. Its three largest stocks were Citigroup, Inc., Morgan Stanley Dean Witter Discover & Company and BankAmerica Corporation (which comprised 13.20%, 6.12% and 5.91%, respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the same extent the Index is so concentrated. As of March 31, 2000, the Index was concentrated in specialty finance and banks, which comprised 53.28% and 46.72%, respectively, of its market capitalization (based on the composition of the Index).

## Principal Risks Specific to the Fund

- Companies in this segment are subject to extensive government regulation that affects the scope of their activities, the prices they can charge and the amount of capital they must maintain.
- The profitability of companies in this segment is adversely affected by increases in interest rates.
- The profitability of companies in this segment is adversely affected by loans losses, which usually increase in economic downturns.
- Newly enacted laws are expected to result in increased inter-industry consolidation and competition in the financial sector.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.60%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.60%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$62	\$194

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$1,000 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$4,180,200. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$1,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$4,180,200 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$27,708 if the Creation Unit is redeemed after one year, and \$83,045 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Dow Jones U.S. Internet Index Fund

**Cusip:** 464287747

**AMEX Trading Symbol:** IYV

**Underlying Index:** Dow Jones U.S. Internet Index

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## Investment Objective

The Dow Jones U.S. Internet Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Internet Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of stocks in the U.S. equity markets that generate the majority of their revenues from the Internet. The Fund uses a Representative Sampling strategy to try to track the Index, which is comprised of two sub-groups:

- Internet Commerce: companies that derive the majority of their revenues from providing goods and/or services through an open network, such as a web site.
- Internet Services: companies that derive the majority of their revenues from providing access to the Internet or providing enabling services to people using the Internet.

As of March 31, 2000, the Index consisted of 40 stocks. Its three largest stocks were America Online, Inc., CMGI, Inc. and Exodus Communications Inc. (which comprised 10.59%, 7.29% and 5.92% respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the same extent the Index is so concentrated. As of March 31, 2000, the Index was concentrated in general industrial services and consumer services, which comprised 32.06% and 29.65% of its market capitalization (based on the composition of the Index).

## Principal Risks Specific to the Fund

- Companies in this sector spend heavily on research and development and their products or services may not prove commercially successful or may become obsolete quickly.
- The Internet sector may be subject to greater governmental regulation than other sectors and changes in governmental policies and the need for regulatory approvals may have a material adverse effect on this sector.
- Companies in this sector are subject to risks of new technologies and competitive pressures.
- Companies in this sector are heavily dependent on patents and intellectual property rights. The loss or impairment of these rights may adversely affect the profitability of these companies.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.60%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.60%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$62	\$194

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$250 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$4,806,375. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$250 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$4,806,375 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$30,059 if the Creation Unit is redeemed after one year, and \$93,685 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Dow Jones U.S. Real Estate Index Fund

**Cusip:** 464287739

**AMEX Trading Symbol:** IYR

**Underlying Index:** Dow Jones U.S. Real Estate Index

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## Investment Objective

The Dow Jones U.S. Real Estate Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones U.S. Real Estate Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the real estate industry sector of the U.S. equity market. The Fund uses a Representative Sampling strategy to try to track the Index. Component companies include hotel and resort companies and real estate investment trusts (“REITs”) that invest in apartments, office and retail properties. The Fund will concentrate its investments in these industry groups.

As of March 31, 2000, the Index consisted of 78 stocks. Its three largest stocks were Equity Office Properties Trust, Equity Residential Properties Trust and Starwood Hotels & Resorts Worldwide, Inc. (which comprised 6.08%, 4.87% and 4.76%, respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the same extent the Index is so concentrated. As of March 31, 2000, the Index was concentrated in real estate, which comprised 100% of its market capitalization (based on the composition of the Index).

## Principal Risks Specific to the Fund

- Investment in this sector is subject to many of the same risks associated with the direct ownership of real estate such as:
  - Adverse changes in national, state or local real estate conditions (such as oversupply of or reduced demand for space and changes in market rental rates);
  - Obsolescence of properties;
  - Changes in the availability, cost and terms of mortgage funds; and
  - The impact of environmental laws.
- A REIT that fails to comply with federal tax requirements affecting REITs would be subject to federal income taxation.
- The federal tax requirement that a REIT distribute substantially all of its net income to its shareholders could result in a REIT having insufficient capital for future expenditures.
- Transactions between REITs and their affiliates may be subject to conflicts of interest, which may adversely affect shareholders.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.60%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.60%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$62	\$194

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$3,218,750. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$3,218,750 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$20,795 if the Creation Unit is redeemed after one year, and \$63,405 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

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# Description of iShares Funds

## iShares Russell Index Funds

- *iShares Russell 3000 Index Fund*
- *iShares Russell 3000 Growth Index Fund*
- *iShares Russell 3000 Value Index Fund*
- *iShares Russell 2000 Index Fund*
- *iShares Russell 2000 Growth Index Fund*
- *iShares Russell 2000 Value Index Fund*
- *iShares Russell 1000 Index Fund*
- *iShares Russell 1000 Growth Index Fund*
- *iShares Russell 1000 Value Index Fund*

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# iShares Russell 3000 Index Fund

**Cusip:** 464287689

**AMEX Trading Symbol:** IWV

**Underlying Index:** Russell 3000 Index

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## Investment Objective

The Russell 3000 Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Russell 3000 Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the broad U.S. equity market. The Fund uses a Replication strategy to try to track the Index, which includes approximately 86% of the market capitalization of all U.S. equity securities. The Index is a capitalization-weighted index of the largest public companies domiciled in the U.S. and its territories.

As of March 31, 2000, the Index consisted of 2,769 stocks. Its three largest stocks were Cisco Systems Inc., General Electric Company and Intel Corporation (which comprised 3.77%, 3.62% and 3.14%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

## Fees and Expenses

*Most investors will buy and sell shares of the Fund through brokers. iShares are traded on the AMEX.*

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

### Shareholder Fees

*(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)*

None

### Annual Fund Operating Expenses

*(expenses that are deducted from the Fund's assets)\*\**

Management Fees

0.20%

Distribution and Service (12b-1) Fees

None

Other Expenses\*\*\*

None

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### Total Annual Fund Operating Expenses

0.20%

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\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

<b>1 Year</b>	<b>3 Years</b>
\$21	\$65

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$11,500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$4,130,150. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$11,500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$4,130,150 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$31,467 if the Creation Unit is redeemed after one year, and \$49,692 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Russell 3000 Growth Index Fund

**Cusip:** 464287671

**AMEX Trading Symbol:** IWZ

**Underlying Index:** Russell 3000 Growth Index

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## Investment Objective

The Russell 3000 Growth Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Russell 3000 Growth Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the growth sector of the U.S. equity broad market. It is a subset of the Russell 3000 Index, representing approximately 50% of the total market capitalization of the Russell 3000 Index. The Index measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth. The Fund uses a Replication strategy to try to track the Index.

As of March 31, 2000, the Index consisted of 1,728 stocks. Its three largest stocks were Cisco Systems Inc., General Electric Company and Intel Corporation (which comprised 6.25%, 6.01% and 5.21%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Growth stocks may lack the dividend yield that can cushion stock prices in market downturns.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.25%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.25%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods.

The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$26	\$81

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$7,000 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$3,547,050. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$7,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$3,547,050 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$23,089 if the Creation Unit is redeemed after one year, and \$42,654 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Russell 3000 Value Index Fund

**Cusip:** 464287663

**AMEX Trading Symbol:** IWW

**Underlying Index:** Russell 3000 Value Index

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## Investment Objective

The Russell 3000 Value Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Russell 3000 Value Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the value sector of the broad U.S. equity market. It is a subset of the Russell 3000 Index, representing approximately 50% of the total market capitalization of the Russell 3000 Index. The Index measures the performance of those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth. The Fund uses a Replication strategy to try to track the Index.

As of March 31, 2000, the Index consisted of 1,899 stocks. Its three largest stocks were Exxon Mobil Corporation, Citigroup, Inc. and AT&T Corporation (which comprised 4.83%, 3.59% and 3.22%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Value stocks can continue to be inexpensive for long periods of time and may not ever realize their full value.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.25%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.25%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$26	\$81

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$8,000 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$3,598,300. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$8,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$3,598,300 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$25,221 if the Creation Unit is redeemed after one year, and \$45,068 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Russell 2000 Index Fund

**Cusip:** 464287655

**AMEX Trading Symbol:** IWM

**Underlying Index:** Russell 2000 Index

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## Investment Objective

The Russell 2000 Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Russell 2000 Index (the “Index”).

## Principal Investment Strategy

The Index measures the performances of the small-capitalization sector of the U.S. equity market. The Fund uses a Representative Sampling strategy to try to track the Index, which includes approximately 6% of the market capitalization of all U.S. equity securities. The Index is a capitalization-weighted index of the approximately 2000 smallest companies in the Russell 3000 Index, which represents approximately 11% of the total market capitalization of the Russell 3000 Index.

As of March 31, 2000, the Index consisted of 1,803 stocks. Its three largest stocks were BroadVision Inc., Microstrategy Incorporated and Mercury Interactive Corporation (which comprised 0.76%, 0.68% and 0.62%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Small-capitalization companies may be less financially secure than larger, more established companies.
- Small-capitalization companies may depend on a small number of essential personnel and thus are more vulnerable to personnel losses.
- Small-capitalization companies normally have less diverse product lines than larger capitalization companies and thus are more susceptible to adverse developments concerning their products.
- Small-capitalization stocks may be thinly traded and thus may be difficult for the Fund to buy and sell.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

## Shareholder Fees

(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)

None

## Annual Fund Operating Expenses

(expenses that are deducted from the Fund's assets)\*\*

Management Fees

0.20%

Distribution and Service (12b-1) Fees

None

Other Expenses\*\*\*

None

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## Total Annual Fund Operating Expenses

0.20%

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\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$21	\$65

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$7,500 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$5,390,900. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$7,500 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$5,390,900 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$26,051 if the Creation Unit is redeemed after one year, and \$49,839 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Russell 2000 Growth Index Fund

**Cusip:** 464287648

**AMEX Trading Symbol:** IWO

**Underlying Index:** Russell 2000 Growth Index

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## Investment Objective

The Russell 2000 Growth Index Fund seeks investment returns that correspond generally to the price and yield performance, before fees and expenses, of the Russell 2000 Growth Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the small-capitalization growth sector of the U.S. equity market. It is a subset of the Russell 2000 Index, representing approximately 50% of the total market capitalization of the Russell 2000 Index. The Index measures the performance of those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth. The Fund uses a Replication strategy to try to track the Index.

As of March 31, 2000, the Index consisted of 1,209 stocks. Its three largest stocks were BroadVision, Inc., Microstrategy Incorporated and Mercury Interactive Corporation (which comprised 1.24%, 1.11% and 1.00%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Growth stocks may lack the dividend yield that can cushion stock prices in market downturns.
- Small-capitalization companies may be less financially secure than larger, more established companies.
- Small-capitalization companies may depend on a small number of essential personnel and thus are more vulnerable to personnel losses.
- Small-capitalization companies normally have less diverse product lines than larger capitalization companies and thus are more susceptible to adverse developments concerning their products.
- Small-capitalization stocks may be thinly traded and thus may be difficult for the Fund to buy and sell.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.25%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.25%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*, any future distribution fees or expenses and extraordinary expenses).

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$26	\$81

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$5,000 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$4,536,400. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$5,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$4,536,400 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$21,625 if the Creation Unit is redeemed after one year, and \$46,646 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Russell 2000 Value Index Fund

**Cusip:** 464287630

**AMEX Trading Symbol:** IWN

**Underlying Index:** Russell 2000 Value Index

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## Investment Objective

The Russell 2000 Value Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Russell 2000 Value Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the small-capitalization value sector of the U.S. equity market. It is a subset of the Russell 2000 Index, representing approximately 50% of the total market capitalization of the Russell 2000 Index. The Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth. The Fund uses a Replication strategy to try to track the Index.

As of March 31, 2000, the Index consisted of 1,182 stocks. Its three largest stocks were PE Corporation-Celera Genomics Group, Integrated Device Technology, Inc., and Tektronix, Inc. (which comprised 1.26%, 0.89% and 0.65%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Value stocks can continue to be inexpensive for long periods of time and may not ever realize their full value.
- Small-capitalization companies may be less financially secure than larger, more established companies.
- Small-capitalization companies may depend on a small number of essential personnel and thus are more vulnerable to personnel losses.
- Small-capitalization companies normally have less diverse product lines than larger capitalization companies and thus are more susceptible to adverse developments concerning their products.
- Small-capitalization stocks may be thinly traded and thus may be difficult for the Fund to buy and sell.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.25%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<hr/> <b>Total Annual Fund Operating Expenses</b>	<hr/> <b>0.25%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

<b>1 Year</b>	<b>3 Years</b>
\$26	\$81

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$5,000 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$4,970,300. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$5,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$4,970,300 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$22,736 if the Creation Unit is redeemed after one year, and \$50,151 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Russell 1000 Index Fund

**Cusip:** 464287622

**AMEX Trading Symbol:** IWB

**Underlying Index:** Russell 1000 Index

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## Investment Objective

The Russell 1000 Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Russell 1000 Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the large-capitalization sector of the U.S. equity market. The Fund uses a Replication strategy to try to track the Index, which includes approximately 80% of the market capitalization of all publicly traded U.S. equity securities. The Index is a capitalization-weighted index of the approximately 1,000 largest companies in the Russell 3000 Index, and represents approximately 89% of the total market capitalization of the Russell 3000 Index.

As of March 31, 2000, the Index consisted of 962 stocks. Its three largest stocks were Cisco Systems Inc., General Electric Company and Intel Corporation (which comprised 4.05%, 3.90% and 3.38%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.15%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.15%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$15	\$48

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$4,000 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$3,989,950. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$4,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$3,989,950 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$14,135 if the Creation Unit is redeemed after one year, and \$27,339 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Russell 1000 Growth Index Fund

**Cusip:** 464287614

**AMEX Trading Symbol:** IWF

**Underlying Index:** Russell 1000 Growth Index

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## Investment Objective

The Russell 1000 Growth Index Fund seeks investment returns that correspond generally to the price and yield performance, before fees and expenses, of the Russell 1000 Growth Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the large-capitalization growth sector of the U.S. equity market. It is a subset of the Russell 1000 Index, representing approximately 50% of the total market capitalization of the Russell 1000 Index. The Index measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth. The Fund uses a Replication strategy to try to track the Index.

As of March 31, 2000, the Index consisted of 519 stocks. Its three largest stocks were Cisco Systems Inc., General Electric Company and Intel Corporation (which comprised 6.73%, 6.47% and 5.61%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Growth stocks may lack the dividend yield that can cushion stock prices in market downturns.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.20%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.20%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$21	\$65

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$2,000 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$4,471,800. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$2,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$4,471,800 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$13,167 if the Creation Unit is redeemed after one year, and \$32,900 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# iShares Russell 1000 Value Index Fund

**Cusip:** 464287598

**AMEX Trading Symbol:** IWD

**Underlying Index:** Russell 1000 Value Index

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## Investment Objective

The Russell 1000 Value Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Russell 1000 Value Index (the “Index”).

## Principal Investment Strategy

The Index measures the performance of the large-capitalization value sector of the U.S. equity market. It is a subset of the Russell 1000 Index, representing approximately 50% of the total market capitalization of the Russell 1000 Index. The Index measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth. The Fund uses a Replication strategy to try to track the Index.

As of March 31, 2000, the Index consisted of 717 stocks. Its three largest stocks were Exxon Mobil Corporation, Citigroup, Inc. and AT&T Corporation (which comprised 5.18%, 3.85% and 3.46%, respectively, of its market capitalization).

## Principal Risks Specific to the Fund

- Value stocks can continue to be inexpensive for long periods of time and may not ever realize their full value.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.20%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.20%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in shares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

<b>1 Year</b>	<b>3 Years</b>
\$21	\$65

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$3,000 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of March 31, 2000 was \$2,840,200. An investor who holds Creation Units and wishes to redeem at NAV would also pay a standard redemption fee of \$3,000 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$2,840,200 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$11,822 if the Creation Unit is redeemed after one year, and \$24,355 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

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# Description of iShares Funds

## iShares Cohen & Steers Index Fund

- *iShares Cohen & Steers Realty Majors Index Fund*

<sup>1</sup> “Cohen & Steers” is a trademark and “Cohen & Steers Realty Majors Index®” is a registered trademark of Cohen & Steers Capital Management, Inc. (“Cohen & Steers”), and both such trademarks have been licensed for use for certain purposes by BGI. The Fund is not sponsored, endorsed, sold or promoted by Cohen & Steers, and Cohen & Steers makes no representation regarding the advisability of investing in iShares of the Fund.

# iShares Cohen & Steers Realty Majors Index Fund

**Cusip:** 464287564

**AMEX Trading Symbol:** ICF

**Underlying Index:** Cohen & Steers Realty Majors Index

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## Investment Objective

The iShares Cohen & Steers Realty Majors Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Cohen & Steers Realty Majors Index (the “Index”).

## Principal Investment Strategy

The Cohen & Steers Realty Majors Index consists of selected Real Estate Investment Trusts (“REITs”). The objective of the Index is to represent relatively large and liquid REITs that may benefit from future consolidation and securitization of the U.S. real estate industry. REITs are selected for inclusion in the Index based on a rigorous review of several factors, including management, portfolio quality, and sector and geographic diversification. The REITs selected for inclusion to the Index must meet minimum market capitalization and liquidity requirements. The Index is weighted according to the total market value of each REIT’s outstanding shares and is adjusted quarterly so that no REIT represents more than 8% of the index. The Fund uses a Representative Sampling strategy to try to track the Index.

As of December 29, 2000, the Index included 30 REITs. Its three largest REITs were Equity Residential Property Trust, Equity Office Properties and Simon Property Group, Inc. (which comprised 8.67%, 8.03% and 5.74%, respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the same extent as the Index is so concentrated. Within the REIT market, the Index is diversified across property sectors that represent the current market. Because the Index will always be concentrated in Real Estate, which comprises 100% of its market capitalization (based on the composition of the Index), the Fund will always be concentrated in Real Estate.

## Principal Risks Specific to the Fund

- Investment in this Fund is subject to many of the same risks associated with the direct ownership of real estate such as:
  - Adverse changes in national, state or local real estate conditions (such as oversupply of or reduced demand for space and changes in market rental rates);
  - Obsolescence of properties;
  - Changes in the availability, cost and terms of mortgage funds; and
  - The impact of environmental laws.
- A REIT that fails to comply with federal tax requirements affecting REITs would be subject to federal income taxation.
- The federal tax requirement that a REIT distribute substantially all of its net income to its shareholders could result in a REIT having insufficient capital for future expenditures.
- Transactions between REITs and their affiliates may be subject to conflicts of interest, which may adversely affect shareholders.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

## Fees and Expenses

*Most investors will buy and sell shares of the Fund through brokers. iShares of the Fund are traded on the AMEX.*

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.35%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.35%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$36	\$113

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$250 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of December 29, 2000 was \$4,040,375. An investor who holds Creation Units and wishes to redeem them at NAV would also pay a standard redemption fee of \$250 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the Annual Fund Operating Expenses described in the table above. Assuming an investment in a Creation Unit of \$4,040,375 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$14,995 if the Creation Unit is redeemed after one year, and \$46,195 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

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# Description of iShares Funds

## iShares Nasdaq Index Fund

- *iShares Nasdaq Biotechnology Index Fund*

The Nasdaq Biotechnology®, Nasdaq Biotechnology Index®, and Nasdaq® are trade or service marks of the Nasdaq Stock Market, Inc., (which with its affiliates are the Corporations) and are licensed for use by Barclays Global Investors. The product(s) have not been passed on by the Corporations as to their legality or suitability. The product(s) are not issued, endorsed, sold, or promoted by the Corporations. THE CORPORATIONS MAKE NO WARRANTIES AND BEAR NO LIABILITY WITH RESPECT TO THE FUND.

# iShares Nasdaq Biotechnology Index Fund

**Cusip:** 464287556

**AMEX Trading Symbol:** IBB

**Underlying Index:** Nasdaq Biotechnology Index

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## Investment Objective

The iShares Nasdaq Biotechnology Index Fund® seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Nasdaq Biotechnology Index (the “Index”).

## Principal Investment Strategy

The Nasdaq Biotechnology Index contains companies engaged in using biomedical research for the discovery or development of new treatments and cures for human disease. The Index is one of eight sub-indices of the Nasdaq Composite Index, which measures all common stocks listed on The Nasdaq Stock Market. The Fund uses a Representative Sampling strategy to try and track the Index.

As of December 29, 2000, the Index consisted of 78 stocks. Its three largest stocks were Amgen Inc., Immunex Corporation and Millennium Pharmaceuticals, Inc. (which comprised 27.42%, 8.77% and 5.46%, respectively, of its market capitalization). The Fund will concentrate its investments in a particular industry or group of industries to approximately the same extent as the Index is so concentrated. Because the Index will always be concentrated in the biotechnology industry, which comprises 100% of its market capitalization, the Fund will always be concentrated in biotechnology.

## Principal Risks Specific to the Fund

- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.
- Companies in this industry spend heavily on research and development and their products or services may not prove commercially successful or may become obsolete quickly.
- The Biotechnology industry may be subject to greater governmental regulation than other industries and changes in governmental policies and the need for regulatory approvals may have a material adverse effect on this sector.
- Companies in this industry are subject to risks of new technologies and competitive pressures.
- Companies in this industry are heavily dependent on patents and intellectual property rights. The loss or impairment of these rights may adversely affect the profitability of these companies.
- The Fund is classified as “non-diversified.” A non-diversified fund generally will hold fewer stocks than a diversified fund. As a result, the Fund is more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence.
- The stocks in the Index may underperform fixed income investments and stock market indices that track other markets, segments and sectors.

## Performance Information

As of the date of this Prospectus, the Fund has been in operation for less than one full calendar year and therefore does not report its annual total returns in a bar chart and average annual total returns in a table.

# Fees and Expenses

Most investors will buy and sell shares of the Fund through brokers. iShares of the fund are traded on the AMEX.

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.\*

<b>Shareholder Fees</b> <i>(fees paid directly from your investment, but see the Creation Transaction Fees and Redemption Transaction Fees discussion below)</i>	None
<b>Annual Fund Operating Expenses</b> <i>(expenses that are deducted from the Fund's assets)**</i>	
Management Fees	0.50%
Distribution and Service (12b-1) Fees	None
Other Expenses***	None
<b>Total Annual Fund Operating Expenses</b>	<b>0.50%</b>

\* You will incur customary brokerage commissions when buying or selling shares of the Fund.

\*\* Expressed as a percentage of average net assets.

\*\*\* The Trust's Investment Advisory Agreement provides that BGFA will pay the operating expenses of the Trust, except interest expense and taxes (expected to be *de minimus*), any future distribution fees or expenses and extraordinary expenses.

## Example

This Example is intended to help you compare the cost of investing in iShares with the cost of investing in other funds.

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then sell all of your iShares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on the assumptions, your costs would be:

1 Year	3 Years
\$51	\$162

## Creation Transaction Fees and Redemption Transaction Fees

The Fund issues and redeems shares at NAV only in large blocks of 50,000 shares or multiples thereof. As a practical matter, only institutions or large investors purchase or redeem these Creation Units. A standard creation transaction fee of \$350 is charged to each purchaser of Creation Units. The fee is a single charge and will be the same regardless of the number of Creation Units purchased by an investor on the same day. The approximate value of a Creation Unit as of December 29, 2000 was \$5,422,550. An investor who holds Creation Units and wishes to redeem them at NAV would also pay a standard redemption fee of \$350 on the date of such redemption(s), regardless of the number of Creation Units redeemed that day.\* Investors who hold Creation Units will also pay the annual fund operating expenses described in the table above. Assuming an investment in a Creation Unit of \$5,422,550 and a 5% return each year, and assuming that the Fund's operating expenses remain the same, the total costs would be \$28,491 if the Creation Unit is redeemed after one year, and \$88,310 if the Creation Unit is redeemed after three years.

\* See Creations and Redemptions at the end of this Prospectus. If a Creation Unit is purchased or redeemed outside the usual process through the National Securities Clearing Corporation or for cash, a variable fee will be charged of up to four times the standard creation or redemption transaction fee.

# Management

## Investment Advisor

As investment advisor, BGFA has overall responsibility for the general management and administration of the Trust. BGFA provides an investment program for each Fund and manages the investment of its assets. BGFA uses teams of portfolio managers, investment strategists and other investment specialists. This team-approach brings together many disciplines and leverages BGFA's extensive resources. BGFA also arranges for transfer agency, custody, fund administration and all other non-distribution related services necessary for the Funds to operate.

Under the Investment Advisory Agreement, BGFA is responsible for all expenses of the Trust, including the cost of transfer agency, custody, fund administration, legal, audit and other services, except interest, taxes, brokerage commissions and other expenses connected with executions of portfolio transactions (which are included in NAV), any distribution fees or expenses and extraordinary expenses.

BGFA will receive fees from each Fund based on rates of each Fund's average daily net assets, as shown in the following table.

<u>iShares Index Fund</u>	<u>Management Fee</u>
iShares S&P 100 Index Fund	0.20%
iShares S&P 500 Index Fund	0.09%
iShares S&P 500/BARRA Growth Index Fund	0.18%
iShares S&P 500/BARRA Value Index Fund	0.18%
iShares S&P MidCap 400 Index Fund	0.20%
iShares S&P MidCap 400/BARRA Growth Index Fund	0.25%
iShares S&P MidCap 400/BARRA Value Index Fund	0.25%
iShares S&P SmallCap 600 Index Fund	0.20%
iShares S&P SmallCap 600/BARRA Growth Index Fund	0.25%
iShares S&P SmallCap 600/BARRA Value Index Fund	0.25%
iShares S&P Global 100 Index Fund	0.40%
iShares S&P Europe 350 Index Fund	0.60%
iShares S&P/TSE 60 Index Fund	0.50%
iShares Dow Jones U.S. Total Market Index Fund	0.20%
iShares Dow Jones U.S. Basic Materials Sector Index Fund	0.60%
iShares Dow Jones U.S. Consumer Cyclical Sector Index Fund	0.60%
iShares Dow Jones U.S. Consumer Non-Cyclical Sector Index Fund	0.60%
iShares Dow Jones U.S. Energy Sector Index Fund	0.60%
iShares Dow Jones U.S. Financial Sector Index Fund	0.60%
iShares Dow Jones U.S. Healthcare Sector Index Fund	0.60%
iShares Dow Jones U.S. Industrial Sector Index Fund	0.60%
iShares Dow Jones U.S. Technology Sector Index Fund	0.60%
iShares Dow Jones U.S. Telecommunications Sector Index Fund	0.60%
iShares Dow Jones U.S. Utilities Sector Index Fund	0.60%
iShares Dow Jones U.S. Chemicals Index Fund	0.60%
iShares Dow Jones U.S. Financial Services Index Fund	0.60%
iShares Dow Jones U.S. Internet Index Fund	0.60%
iShares Dow Jones U.S. Real Estate Index Fund	0.60%
iShares Russell 3000 Index Fund	0.20%
iShares Russell 3000 Growth Index Fund	0.25%
iShares Russell 3000 Value Index Fund	0.25%
iShares Russell 2000 Index Fund	0.20%
iShares Russell 2000 Growth Index Fund	0.25%
iShares Russell 2000 Value Index Fund	0.25%
iShares Russell 1000 Index Fund	0.15%

**iShares Index Fund****Management Fee**

iShares Russell 1000 Growth Index Fund	0.20%
iShares Russell 1000 Value Index Fund	0.20%
iShares Cohen & Steers Realty Majors Index Fund	0.35%
iShares Nasdaq Biotechnology Index Fund	0.50%

BGFA is located at 45 Fremont Street, San Francisco, CA 94105. It is a wholly-owned subsidiary of BGI, which in turn is an indirect subsidiary of Barclays Bank PLC. BGI, together with its affiliates, is the world's largest investment advisor of institutional investment assets. As of September 30, 2000, BGI and its affiliates, including BGFA, provided investment advisory services for assets in excess of \$800 billion. BGI, BGFA, Barclays Global Investor Services, Barclays Bank and their affiliates deal, trade and invest for their own accounts in the types of securities in which the Funds portfolios may also invest.

## Administrator, Custodian, Transfer Agent and Securities Lending Agent

Investors Bank & Trust Company ("IBT") is the administrator, custodian, transfer agent and securities lending agent for each Fund.

## Shareholder Information

*Additional shareholder information, including how to buy and sell iShares of any Fund, is available free of charge by calling toll-free: 1-800-iShares.*

### Buying and Selling iShares

iShares trade on an auction or negotiated market on the Listing Exchange during the trading day and can be bought and sold throughout the trading day like other shares of publicly traded stocks. iShares may trade on a Listing Exchange until 4:15 (Eastern time) every day the Listing Exchange is open. There is no minimum investment, although generally iShares are purchased in "round lots" of 100 iShares. When buying or selling iShares through a broker, you will incur customary brokerage commissions and charges.

iShares may be acquired or redeemed directly from the Fund only in Creation Units, as discussed in the *Creations and Redemptions* section.

iShares trade under the ticker symbols listed in this Prospectus.

Each Listing Exchange is generally open Monday through Friday and is closed on weekends and the following holidays: New Year's Day, Martin Luther King, Jr. Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Section 12(d)(1) of the Investment Company Act of 1940 restricts investments by registered investment companies in the securities of other investment companies, including iShares.

### Book Entry

iShares are held in book-entry form, which means that no stock certificates are issued. Depository Trust Company ("DTC") or its nominee, is the record owner of all outstanding iShares of each Fund and is recognized as the owner of all iShares for all purposes.

Investors owning iShares are beneficial owners as shown on the records of DTC or its participants. DTC serves as the securities depository for all iShares. Participants include DTC, securities brokers and dealers, banks, trust companies, clearing corporations and other institutions that directly or indirectly

maintain a custodial relationship with DTC. As a beneficial owner of iShares, you are not entitled to receive physical delivery of stock certificates or to have iShares registered in your name, and you are not considered a registered owner of iShares. Therefore, to exercise any right as an owner of iShares, you must rely upon the procedures of DTC and its participants. These procedures are the same as those that apply to any other stocks that you hold in book entry or “street name” form.

## iShare Prices

The trading prices of iShares on the listing Exchange may differ in varying degrees from their daily NAVs and can be affected by market forces such as supply and demand, economic conditions and other factors. In addition, in the case of a fund that invests in securities that primarily trade on a foreign exchange, since such foreign exchange may be open on days when the Fund or a Listing Exchange is closed, shareholders may not be able to purchase or redeem iShares from the Fund or buy or sell iShares on the Listing Exchange on days when the NAV of the Fund is significantly affected by events in foreign markets.

The approximate value of iShares of each Fund will be disseminated by the listing Exchange (except the iShares S&P Europe 350 Index Fund, iShares S&P/TSE 60 Index Fund and the iShares S&P Global 100 Index Fund) every fifteen seconds. The approximate values of iShares of the iShares S&P Europe 350 Index Fund, the iShares S&P/TSE 60 Index Fund and the iShares S&P Global 100 Index Fund will be provided on a similar basis by Bloomberg. This approximate value should not be viewed as a “real-time” update of the NAV per iShare of any Fund, because the approximate value may not be calculated in the same manner as the NAV, which is computed once a day. The Funds are not involved in, or responsible for, the calculation or dissemination of such amount and make no warranty as to its accuracy.

## Determining NAV

IBT calculates each Fund’s NAV in accordance with the standard formula for valuing mutual fund shares at the close of regular trading (normally 4 p.m. Eastern time) every day the New York Stock Exchange is open, although iShares continue to trade until 4:15 p.m. Eastern time. The formula calls for deducting all of a Fund’s liabilities from the total value of its assets and dividing the result by the number of shares outstanding. IBT values the securities at their current market prices. If such prices are not readily available, IBT uses estimates of the securities’ fair value in accordance with guidelines approved by the Trust’s Board of Trustees.

## Dividends and Distributions

Each Fund pays out dividends to investors at least annually and may pay them on a more frequent basis. All the Funds distribute their net capital gains, if any, to investors annually.

## Taxes

As with any investment, you should consider how your investment in iShares will be taxed. The tax information in this prospectus is provided as general information. You should consult your own tax professional about the tax consequences of an investment in iShares.

Unless your investment in iShares is made through a tax-exempt entity or tax-deferred retirement account, such as an IRA plan, you need to be aware of the possible tax consequences when:

- Each Fund makes distributions, and
- You sell iShares.

## Taxes on Distributions

Dividends from net investment income, if any, are declared and paid at least annually by each Fund. In general, your distributions are subject to federal income tax for the year when they are paid. Certain

dividends paid in January, however, may be treated as paid in the prior year. A distribution may be taxable to you as ordinary income or as capital gain.

Dividends paid out of a Fund's net investment income and net short-term capital gains, if any, are taxable as ordinary income. Distributions of net long-term capital gains, if any, in excess of net short-term capital losses are taxable as long-term capital gains, regardless of how long you have held the iShares.

Dividends and interest received by each Fund with respect to foreign securities may give rise to withholding and other taxes imposed by foreign countries. Tax conventions between certain countries and the United States may reduce or eliminate such taxes. Since more than 50% of the total assets of the S&P Europe 350 Index Fund and the S&P/TSE 60 Index Fund will almost certainly consist of foreign stocks or securities, those Funds intend to "pass through" to you certain foreign income taxes (including withholding taxes) paid by those Funds. This means that you will be considered to have received as an additional dividend your share of such foreign taxes, but you may be entitled to either a corresponding tax deduction in calculating your taxable income, or, subject to certain limitations, a credit in calculating your federal income tax.

If you are neither a lawful permanent resident nor a citizen of the United States or if you are a foreign entity, each Fund's ordinary income dividends (which include distributions of net short-term capital gains) will generally be subject to a 30% U.S. withholding tax, unless a lower treaty rate applies.

Each Fund must withhold 31% of a shareholder's distributions and proceeds if the shareholder has not provided a correct taxpayer identification number or social security number in the manner required by law.

## Taxes when iShares are Sold

Currently, any capital gain or loss realized upon a sale of iShares is generally treated as long-term capital gain or loss if iShares have been held for more than one year and as short-term capital gain or loss if iShares have been held for one year or less.

*The foregoing discussion summarizes some of the consequences under current federal tax law of an investment in a Fund. It is not a substitute for personal tax advice. You may also be subject to state and local taxation on Fund distributions, and sales of iShares. Consult your personal tax adviser about the potential tax consequences of an investment in iShares under all applicable tax laws.*

## Creations and Redemptions

The iShares that trade on a Listing Exchange are "created" at their NAV by market makers, large investors and institutions only in block-size Creation Units of 50,000 iShares. Each "creator" enters into an authorized participant agreement with SEI Investment Distribution Company, the Funds' distributor, and deposits into the applicable Fund a portfolio of stocks closely approximating the holdings of the Fund and a specified amount of cash in exchange for 50,000 iShares.

Similarly, iShares can only be redeemed in Creation Units of 50,000 iShares, principally in-kind for a portfolio of stocks held by the Fund and a specified amount of cash. *Except when aggregated in Creation Units, iShares are not redeemable.* The prices at which creations and redemptions occur are based on the next calculation of NAV after an order is received in a form proscribed in the authorized participant agreement.

Creations and redemptions must be made through a firm that is either a member of the Continuous Net Settlement System of the National Securities Clearing Corporation or a DTC Participant, and in each case, must have executed an agreement with the Distributor with respect to creations and redemptions of Creation Unit aggregations ("Participant Agreement"). Information about the procedures regarding creation and redemption of Creation Units is included in the Statement of Additional Information.

## iShares Transaction Fees

Each Fund will impose a purchase transaction fee and a redemption transaction fee to offset transfer and other transaction costs associated with the issuance and redemption of Creation Units of iShares. Purchasers and redeemers of Creation Units of iShares for cash are required to pay an additional variable charge to compensate for brokerage and market impact expenses. The creation and redemption transaction fees for creations and redemptions in kind for each Fund are listed below. The standard creation transaction fee is charged to each purchaser on the day such purchaser creates a Creation Unit. The fee is a single charge and will be the amount indicated below regardless of the number of Creation Units purchased by an investor on the same day. BGFA may, from time to time, at its own expense, compensate purchasers of Creation Units who have purchased substantial amounts of Creation Units, and other financial institutions for administrative or marketing services. Similarly, the standard redemption transaction fee will be the amount indicated regardless of the number of Creation Units redeemed that day. The creation and redemption transaction fees for creations and redemptions (i) for domestic Funds made through DTC and (ii) for all Funds made for cash (when cash creations and redemptions are available or specified) will also be subject to an additional variable charge of up to a maximum of four times the amount shown below under “Maximum Creation/Redemption Transaction Fee”. In addition, purchasers of iShares in Creation Units are responsible for payment of the costs of transferring the Deposit Securities to the Trust. Redeemers of iShares in Creation Units are responsible for the costs of transferring the Fund Securities from the Trust to their accounts or on their order. Investors who use the services of a broker or other such intermediary may pay fees for such services. The following table also shows, as of March 31, 2000, the approximate cost of one Creation Unit per Fund, including the creation transaction fee.

<u>Name of Fund</u>	<u>Approximate Value of a Creation Unit as of March 31, 2000</u>	<u>Standard Creation/Redemption Transaction Fee</u>	<u>Maximum Creation/Redemption Transaction Fee</u>
iShares S&P 100 Index Fund	\$3,951,250	\$ 500	\$ 2,000
iShares S&P 500 Index Fund	\$7,492,900	\$ 2,000	\$ 8,000
iShares S&P 500/BARRA Growth Index Fund	\$4,612,000	\$ 500	\$ 2,000
iShares S&P 500/BARRA Value Index Fund	\$3,046,050	\$ 1,500	\$ 6,000
iShares S&P MidCap 400 Index Fund	\$4,996,900	\$ 1,500	\$ 6,000
iShares S&P MidCap 400/BARRA Growth Index Fund	\$6,800,000	\$ 500	\$ 2,000
iShares S&P MidCap 400/BARRA Value Index Fund	\$3,604,750	\$ 1,250	\$ 5,000
iShares S&P SmallCap 600 Index Fund	\$5,223,750	\$ 2,500	\$10,000
iShares S&P SmallCap 600/BARRA Growth Index Fund	\$4,259,250	\$ 750	\$ 3,000
iShares S&P SmallCap 600/BARRA Value Index Fund	\$3,301,000	\$ 1,750	\$ 7,000
*iShares S&P Global 100 Index Fund	\$4,078,550	\$ 2,000	\$ 8,000
iShares S&P Europe 350 Index Fund	\$3,377,425	\$12,000	\$48,000
iShares S&P/TSE 60 Index Fund	\$2,844,450	\$ 1,250	\$ 5,000
iShares Dow Jones U.S. Total Market Index Fund	\$3,544,100	\$ 8,000	\$32,000
iShares Dow Jones U.S. Basic Materials Sector Index Fund	\$1,977,000	\$ 500	\$ 2,000
iShares Dow Jones U.S. Consumer Cyclical Sector Index Fund	\$3,300,900	\$ 1,500	\$ 6,000
iShares Dow Jones U.S. Consumer Non-Cyclical Sector Index Fund	\$2,061,300	\$ 500	\$ 2,000
iShares Dow Jones U.S. Energy Sector Index Fund	\$2,387,100	\$ 500	\$ 2,000
iShares Dow Jones U.S. Financial Sector Index Fund	\$3,595,400	\$ 1,500	\$ 6,000
iShares Dow Jones U.S. Healthcare Sector Index Fund	\$2,737,000	\$ 750	\$ 3,000
iShares Dow Jones U.S. Industrial Sector Index Fund	\$3,080,100	\$ 1,500	\$ 6,000
iShares Dow Jones U.S. Technology Sector Index Fund	\$7,072,650	\$ 1,250	\$ 5,000
iShares Dow Jones U.S. Telecommunications Sector Index Fund	\$3,524,200	\$ 250	\$ 1,000
iShares Dow Jones U.S. Utilities Sector Index Fund	\$3,247,500	\$ 500	\$ 2,000
iShares Dow Jones U.S. Chemicals Index Fund	\$2,120,500	\$ 250	\$ 1,000

\* Approximate value of a Creation Unit as of June 30, 2000.

<u>Name of Fund</u>	<u>Approximate Value of a Creation Unit as of March 31, 2000</u>	<u>Standard Creation/Redemption Transaction Fee</u>	<u>Maximum Creation/Redemption Transaction Fee</u>
iShares Dow Jones U.S. Financial Services Index Fund	\$4,180,200	\$ 1,000	\$ 4,000
iShares Dow Jones U.S. Internet Index Fund	\$4,806,375	\$ 250	\$ 1,000
iShares Dow Jones U.S. Real Estate Index Fund	\$3,218,750	\$ 500	\$ 2,000
iShares Russell 3000 Index Fund	\$4,130,150	\$11,500	\$46,000
iShares Russell 3000 Growth Index Fund	\$3,547,050	\$ 7,000	\$28,000
iShares Russell 3000 Value Index Fund	\$3,598,300	\$ 8,000	\$32,000
iShares Russell 2000 Index Fund	\$5,390,900	\$ 7,500	\$30,000
iShares Russell 2000 Growth Index Fund	\$4,536,400	\$ 5,000	\$20,000
iShares Russell 2000 Value Index Fund	\$4,970,300	\$ 5,000	\$20,000
iShares Russell 1000 Index Fund	\$3,989,950	\$ 4,000	\$16,000
iShares Russell 1000 Growth Index Fund	\$4,471,800	\$ 2,000	\$ 8,000
iShares Russell 1000 Value Index Fund	\$2,840,200	\$ 3,000	\$12,000
**iShares Cohen & Steers Realty Majors Index Fund	\$4,040,375	\$ 250	\$ 1,000
**iShares Nasdaq Biotechnology Index Fund	\$5,422,550	\$ 350	\$ 1,400

\*\* Approximate value of a Creation Unit as of December 29, 2000.

## Distribution

SEI Investments Distribution Company serves as the distributor of Creation Units for each Fund on an agency basis. The Distributor does not maintain a secondary market in iShares. The Distributor's principal address is 1 Freedom Valley Drive, Oaks, PA 19456.

The Distributor has no role in determining the policies of any Fund or the securities that are purchased or sold by any Fund.

## Index Providers

Standard & Poor's (a division of The McGraw-Hill Companies, Inc.), Dow Jones & Company and the Frank Russell Company are the Index Providers for their respective Underlying Indices. None of the Index Providers is affiliated with the iShares Trust, BGI, BGFA, IBT, the Distributor, or a Listing Exchange.

Standard & Poor's, a division of The McGraw-Hill Companies, Inc., provides financial, economic and investment information and analytical services to the financial community. S&P calculates and maintains the S&P Global 1200 Index, which includes the S&P Europe 350 for Continental Europe and the U.K., the S&P/TSE 60 for Canada, the S&P 500 for the U.S., the S&P/TOPIX 150 for Japan, the S&P Asia Pacific 100 and the S&P Latin America 40. S&P also publishes the S&P MidCap 400, S&P SmallCap 600, S&P SuperComposite 1500 and S&P REIT Composite for the U.S. and the S&P/TSE Canadian MidCap and S&P/TSE Canadian SmallCap Indices. Company additions to and deletions from an S&P equity index do not in any way reflect an opinion on the investment merits of the company.

Dow Jones Indices are a part of Dow Jones & Company, which publishes The Wall Street Journal and its international and interactive editions, Barron's and SmartMoney magazines and other periodicals, the Dow Jones Newswires, dowjones.com, and the Ottaway group of community newspapers. Dow Jones is co-owner with Reuters group of Factiva, and with NBC of the CNBC television operations in Europe and Asia. Dow Jones also provides news content to CNBC in the U.S. The Dow Jones Indices include the Dow Jones Industrial, Transportation and Utility Averages, as well as the Dow Jones Global Indices, the

Dow Jones STOXX Indices, the Dow Jones REIT Indices, the Dow Jones-AIG Commodity Index, the Dow Jones Islamic Market Indices, the Dow Jones Internet Indices, the Dow Jones Global Titans Index, the Dow Jones Extra Liquid Index and the Dow Jones Sustainability Group Indices.

Frank Russell Company is an investment services firm offering a variety of investment management products and services. The family of indices created by the Frank Russell Company includes the Russell 1000<sup>®</sup>, Russell 2000<sup>®</sup>, Russell 3000<sup>®</sup>, as well as mid-capitalization, value, and growth style indices. Frank Russell Company and Mellon Bank Corporation, parent holding company of Pittsburgh and Boston-based Mellon Trust, operate a joint venture known as Russell/Mellon Analytical Services LLC. Russell/Mellon Analytical Services provides the financial community with financial information and analytical services and calculates the underlying data in the Russell indices.

Cohen & Steers Capital Management, Inc. (“Cohen & Steers”) is the Index Provider for the Cohen & Steers Realty Majors Portfolio Index. Cohen & Steers is not affiliated with the iShares Trust, BGI, BGFA, IBT, the Distributor or the AMEX.

Cohen & Steers provides financial, economic and investment information and analytical services to the financial community.

The Nasdaq Stock Market, Inc. is the Index Provider for the Nasdaq Biotechnology Index. The Nasdaq Stock Market, Inc. is not affiliated with the iShares Trust, BGI, BGFA, IBT, the Distributor or the AMEX.

The Nasdaq Stock Market calculates and disseminates various indices including the Nasdaq-Composite<sup>®</sup>, the Nasdaq-100 Index<sup>®</sup>, the Nasdaq Financial-100 and other sector indices–Nasdaq Biotechnology Index<sup>®</sup>, Nasdaq Bank Index<sup>®</sup>, Nasdaq Computer Index<sup>®</sup>, Nasdaq Financial Index<sup>®</sup>, Nasdaq Industrial Index<sup>®</sup>, Nasdaq Insurance Index<sup>®</sup>, Nasdaq Telecommunications Index<sup>®</sup>, and the Nasdaq Transportation Index<sup>®</sup>–which combine to make up the Composite Index.

BGI has entered into a license agreement with each of the Index Providers to use the Underlying Indices. BGI is sub-licensing rights in the Underlying Indices to the iShares Trust at no charge.

## Disclaimers

**The iShares Trust is not sponsored, endorsed, sold or promoted by Standard & Poor’s (“S&P”). S&P makes no representation or warranty, express or implied, to the owners of iShares or any member of the public regarding the advisability of investing in securities generally or in iShares particularly or the ability of the S&P Indices to track general stock market performance. S&P’s only relationship to BGI or BGFA is the licensing of certain trademarks and trade names of S&P and of the S&P Indices that are determined, composed and calculated by S&P without regard to BGI, BGFA or the Trust. S&P has no obligation to take the needs of BGI, BGFA or the owners of iShares into consideration in determining, composing or calculating the S&P Indices. S&P is not responsible for and has not participated in the determination of the prices and amount of iShares or the timing of the issuance or sale of iShares or in the determination of any financial calculations relating thereto. S&P has no obligation or liability in connection with the administration of the Trust, marketing, or trading of the iShares. S&P does not guarantee the accuracy and/or the completeness of the S&P Indices or any data included therein and S&P shall have no liability for any errors, omissions, or interruptions therein. S&P makes no warranty, express or implied, as to results to be obtained by BGI, BGFA or owners of iShares, or any other person or entity from the use of the S&P Indices or any data included therein. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P Indices or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits) resulting from the use of the S&P Indices or any data included therein, even if notified of the possibility of such damages.**

The iShares Trust is not sponsored, endorsed, sold, or promoted by Dow Jones. Dow Jones makes no representation or warranty, express or implied, to the owners of iShares or to any member of the public regarding the advisability of owning or trading in iShares. Dow Jones' only relationship to the Trust, BGI and BGFA is the licensing of certain trademarks, trade names, and service marks of Dow Jones and of the Dow Jones Indices, which are determined, composed, and calculated by Dow Jones without regard to the Trust, BGI or BGFA. Dow Jones has no obligation to take the needs of BGFA, BGI or the owners of iShares into consideration in determining, composing, or calculating the Dow Jones Indices. Dow Jones is not responsible for and has not participated in the determination or the timing of, prices, or quantities of iShares to be listed. Dow Jones has no obligation or liability in connection with the administration of the Trust or the marketing or trading of iShares. Dow Jones does not guarantee the accuracy and/or the completeness of the Dow Jones Indices or any data included therein and Dow Jones shall have no liability for any errors, omissions, or interruptions therein. Dow Jones makes no warranty, express or implied, as to the results to be obtained by BGI and BGFA, owners of iShares, or any other person or entity from the use of the Dow Jones Indices or any data included therein. Dow Jones makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Dow Jones Indices or any data included therein. Without limiting any of the foregoing, in no event shall Dow Jones have any liability for any lost profits or indirect, punitive, special, or consequential damages, even if notified of the possibility thereof. There are no third party beneficiaries of any agreements or arrangements between Dow Jones and BGI and BGFA.

The iShares Trust is not sponsored, endorsed, sold or promoted by Frank Russell Company ("FRC"). FRC makes no representation or warranty, express or implied, to the owners of the iShares or any member of the public regarding the advisability of investing in securities generally or in iShares, particularly or the ability of the Russell Indices to track general stock market performance. Frank Russell Company is the licensor of certain trademarks, service marks, and trade names. The Russell Indices on which the Funds are based are determined, composed and calculated by FRC without regard to BGI, BGFA or the Funds. FRC has no obligation to take the needs of BGI, BGFA or the owners of iShares into consideration in determining, composing or calculating the Russell Indices. FRC is not responsible for and has not participated in the determination of the prices and amount of iShares or the timing of the issuance or sale of iShares. FRC has no obligation or liability in connection with the administration of the Trust or the marketing or trading of iShares. Although FRC obtains information for inclusion or use in the calculation of the Russell Indices from sources that FRC considers reliable, FRC does not guarantee the accuracy and/or the completeness of the Russell Indices or any data included therein. FRC shall have no liability for any errors, omissions, or interruptions therein. FRC makes no warranty, express or implied, as to results to be obtained by BGI, BGFA or owners of iShares, or any other person or entity from the use of the Russell Indices or any data included therein. FRC makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Russell Indices or any data included therein. Without limiting any of the foregoing, in no event shall FRC have any liability for any special, punitive, direct, indirect, or consequential damages (including lost profits) resulting from the use of the Russell Indices or any data included therein, even if notified of the possibility of such damages.

The Fund is not sponsored, endorsed, sold or promoted by Cohen & Steers Capital Management, Inc. ("C&S"). C&S makes no representation or warranty, express or implied, to the owners of the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly or the ability of the Cohen & Steers Realty Majors Index to track general stock market performance. C&S's only relationship to BGI is the licensing of certain trademarks and trade names of C&S and of the Cohen & Steers Realty Majors Index which is determined, composed and calculated by C&S without regard to BGI or the Fund. C&S has no obligation to take the needs of BGI or the owners of the Fund into consideration in determining, composing or calculating the Cohen & Steers Realty Majors Index. C&S is not responsible for and has not participated in the determination of the prices and amount of the

Fund or the timing of the issuance or sale of the Fund or in the determination or calculation of the equation by which the Fund is to be converted into cash. C&S has no obligation or liability in connection with the administration, marketing, or trading of the Fund.

C&S does not guarantee the accuracy and/or the completeness of the Cohen & Steers Realty Majors Index or any data included therein and C&S shall have no liability for any errors, omissions, or interruptions therein. C&S makes no warranty, express or implied, as to results to be obtained by BGI, owners of the fund, or any other person or entity from the use of the Cohen & Steers Realty Majors Index or any data included therein. C&S makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Cohen & Steers Realty Majors Index or any data included therein. Without limiting any of the foregoing, in no event shall C&S have any liability for any special, punitive, indirect, or consequential damages (including lost profits) resulting from the use of the Cohen & Steers Realty Majors Index or any data included therein, even if notified of the possibility of such damages.

The iShares Trust is not sponsored, endorsed, sold or promoted by The Nasdaq Stock Market, Inc., including its affiliates (“Nasdaq”). Nasdaq has not passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, iShares. Nasdaq makes no representation or warranty, express or implied, to the owners of iShares or any member of the public regarding the advisability of investing in securities generally or in iShares particularly or the ability of the Nasdaq Biotechnology Index to track general stock market performance. Nasdaq’s only relationship to BGI or BGFA is the licensing of Nasdaq Biotechnology, Nasdaq Biotechnology Index, and Nasdaq trademarks or service marks, and certain trade names of of Nasdaq and of the Nasdaq Biotechnology Index that is determined, composed and calculated by Nasdaq without regard to BGI, BGFA or the Trust. Nasdaq has no obligation to take the needs of BGI, BGFA or the owners of iShares into consideration in determining, composing or calculating the Nasdaq Biotechnology Index. Nasdaq has no obligation to take the needs of the Licensee or the owners of the Product(s) into consideration in determining, composing or calculating the Nasdaq Biotechnology Index. Nasdaq is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of iShares to be issued or in the determination or calculation of the equation by which iShares are to be converted into cash. Nasdaq has no liability in connection with the administration, marketing or trading of iShares. Nasdaq does not guarantee the accuracy and/or uninterrupted calculation of the Nasdaq Biotechnology Index or any data included therein. Nasdaq makes no warranty, express or implied, as to results to be obtained by BGI, BGFA, owners of iShares, or any other person or entity from the use of the Nasdaq Biotechnology Index or any data included therein. Nasdaq makes no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Nasdaq Biotechnology Index or any data included therein. Without limiting any of the foregoing, in no event shall Nasdaq have any liability for any lost profits or special, incidental, punitive, indirect, or consequential damages, even if notified of the possibility of such damages.

iShares are not sponsored, endorsed or promoted by the AMEX. The AMEX makes no representation or warranty, express or implied, to the owners of the iShares of any Fund or any member of the public regarding the ability of a fund to track the total return performance of the various Underlying Indices or the ability of the Underlying Indices identified herein to track stock market performance. The Underlying Indices identified herein are determined, composed and calculated by Standard & Poor’s, Dow Jones & Company and the Frank Russell Company without regard to the iShares of any Fund. The AMEX is not responsible for, nor has it participated in, the determination of the compilation or the calculation of any index, nor in the determination of the timing of, prices of, or quantities of the iShares of any Fund to be issued, nor in the determination or calculation of the equation by which the iShares are redeemable. The AMEX has no obligation or liability to owners of the iShares of any Fund in connection with the administration, marketing or trading of the iShares of any Fund.

The AMEX does not guarantee the accuracy and/or the completeness of any indices or any data included therein. The AMEX makes no warranty, express or implied, as to results to be obtained by the iShares Trust on behalf of its Funds as licensee, licensee's customers and counterparties, owners of the iShares, or any other person or entity from the use of the subject indices or any data included therein in connection with the rights licensed as described herein or for any other use. The AMEX makes no express or implied warranties, and hereby expressly disclaims all warranties of merchantability or fitness for a particular purpose with respect to the indices or any data included therein. Without limiting any of the foregoing, in no event shall the AMEX have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

iShares are not sponsored, endorsed or promoted by the CBOE. The CBOE makes no representation or warranty, express or implied, to the owners of the iShares S&P 100 Index Fund or any member of the public regarding the ability of the Fund to track the total return performance of the Underlying Index or the ability of the Underlying Index identified herein to track stock market performance. The Underlying Index identified herein are determined, composed and calculated by Standard & Poor's, without regard to the iShares S&P 100 Index Fund. The CBOE is not responsible for, nor has it participated in, the determination of the compilation or the calculation of the Index, nor in the determination of the timing of, prices of, or quantities of the iShares S&P 100 Index Fund to be issued, nor in the determination or calculation of the equation by which the iShares are redeemable. The CBOE has no obligation or liability to owners of the iShares S&P 100 Index Fund in connection with the administration, marketing or trading of the Fund.

The CBOE does not guarantee the accuracy and/or the completeness of the Index or any data included therein. The CBOE makes no warranty, express or implied, as to results to be obtained by the iShares Trust on behalf of its Fund as licensee, licensee's customers and counterparties, owners of the iShares S&P 100 Index Fund, or any other person or entity from the use of the subject indices or any data included therein in connection with the rights licensed as described herein or for any other use. The CBOE makes no express or implied warranties, and hereby expressly disclaims all warranties of merchantability or fitness for a particular purpose with respect to the indices or any data included therein. Without limiting any of the foregoing, in no event shall the CBOE have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

iShares are not sponsored, endorsed or promoted by the NYSE. The NYSE makes no representation or warranty, express or implied, to the owners of the iShares of any Fund or any member of the public regarding the ability of a fund to track the total return performance of the Index or the ability of the Index identified herein to track stock market performance. The Index identified herein is determined, composed and calculated by Standard & Poor's without regard to the iShares of any Fund. The NYSE is not responsible for, nor has it participated in, the determination of the compilation or the calculation of the Index, nor in the determination of the timing of, prices of, or quantities of the iShares of the Fund to be issued, nor in the determination or calculation of the equation by which the iShares are redeemable. The NYSE has no obligation or liability to owners of the iShares of the Fund in connection with the administration, marketing or trading of the iShares of the Fund.

The NYSE does not guarantee the accuracy and/or the completeness of any indices or any data included therein. The NYSE makes no warranty, express or implied, as to results to be obtained by the iShares Trust on behalf of the Fund as licensee, licensee's customers and counterparties, owners of the iShares, or any other person or entity from the use of the subject indices or any data included therein in connection with the rights licensed as described herein or for any other use. The NYSE makes no express or implied warranties, and hereby expressly disclaims all warranties of merchantability or fitness for a particular purpose with respect to the Index or any data included therein. Without limiting any of the foregoing, in no event shall the NYSE have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

**BGFA does not guarantee the accuracy and/or the completeness of the Underlying Indices or any data included therein and BGFA shall have no liability for any errors, omissions, or interruptions therein.**

**BGFA makes no warranty, express or implied, as to results to be obtained by the Fund, owners of the iShares of the Fund, or any other person or entity from the use of the Index or any data included therein. BGFA makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Index or any data included therein. Without limiting any of the foregoing, in no event shall BGFA have any liability for any special, punitive, direct, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.**

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For more detailed information on the iShares Trust and iShares, you may request a copy of the Statement of Additional Information (“SAI”).

The SAI provides detailed information about the Funds, and is incorporated by reference into this Prospectus. This means that the SAI, for legal purposes, is a part of this Prospectus.

If you have questions about the Funds or iShares or you wish to obtain the SAI free of charge, please:

Call: 1-800-iShares  
Monday through Friday  
8:00 a.m. to 8:00 p.m. (Eastern time)

Write: iShares Trust  
c/o SEI Investments Distribution Company  
1 Freedom Valley Drive  
Oaks, PA 19456

Visit: [www.iShares.com](http://www.iShares.com)

Information about the Fund (including the SAI) can be reviewed and copied at the Securities and Exchange Commission’s Public Reference Room in Washington, D.C., and information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-202-942-8090. Reports and other information about the Fund are available on the EDGAR Database on the Commission’s Internet site at [www.sec.gov](http://www.sec.gov), and copies of this information may be obtained, after paying a duplicating fee, by electronic request at the following E-mail address:

[publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the Commission’s Public Reference Section, Washington, D.C. 20549-0102. The iShares Trust’s registration number under the Investment Company Act of 1940 is 811-09729.

*No person is authorized to give any information or to make any representations about any Fund and its iShares not contained in this Prospectus and you should not rely on any other information. Read and keep the Prospectus for future reference.*

Investment Company Act File No. 811-09729



45 Fremont Street  
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94105

[www.ishares.com](http://www.ishares.com)

1-800-iSHARES

1-800-474-2737

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**Not FDIC insured  
Have no bank guarantee  
May lose value**