

iShares FTSE/Xinhua China 25 Index Fund

The iShares FTSE/Xinhua China 25 Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the FTSE/Xinhua China 25 Index.*

The iShares family of funds are more than 95 different index funds that you can buy and sell just like stocks. Each share represents a portfolio of securities designed to closely track one specific security index.

Ticker Symbol	FXI
Inception Date	10/5/04
Expense Ratio	0.74%
IOPV Ticker	JYY

IOPV, or Indicative Optimized Portfolio Value, is a calculation disseminated by the stock exchange that approximates the Fund's NAV every fifteen seconds throughout the trading day.

Fund Performance History as of December 31, 2004

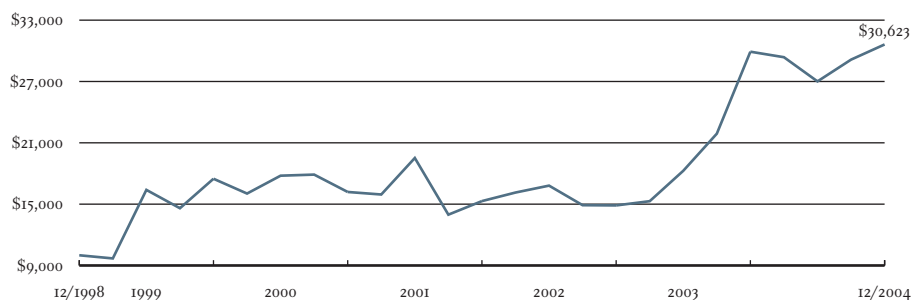
Fund	QUARTER	1 YEAR	3 YEARS	5 YEARS	SINCE FUND INCEPTION
Fund	N/A	N/A	N/A	N/A	2.45%
Index	5.10%	2.37%	26.03%	11.86%	2.49%
After Tax Held	N/A	N/A	N/A	N/A	N/A
After Tax Sold	N/A	N/A	N/A	N/A	N/A
Market Returns	N/A	N/A	N/A	N/A	3.45%

The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling toll-free 1-800-iShares or by visiting www.ishares.com.

After Tax Held Returns represent return after taxes on distributions. Assumes shares have not been sold. After Tax Sold Returns represent the return after taxes on distributions and the sale of fund shares. Returns are average annualized total returns, except those for periods of less than one year, which are cumulative. Market returns are based upon the midpoint of the bid/ask spread at 4:00 PM Eastern time (when NAV is normally determined for most iShares), and do not represent the returns you would receive if you traded shares at other times.

Performance information for the FTSE/Xinhua China 25 Index Index assumes reinvestment of all income and excludes management fees, transaction costs and expenses. After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

Hypothetical Index Investment



This chart represents a hypothetical investment of \$10,000 in the FTSE/Xinhua China 25 Index Index. Index returns are for illustrative purposes only and do not represent actual iShares Funds performance. One cannot invest directly in an index. Indexes are unmanaged.

Sector Breakdown

1 Resources	22.34%
2 Non-Cyclical Services	21.10%
3 Financials	18.19%
4 Cyclical Services	13.99%
5 General Industrials	7.43%
6 Utilities	5.84%
7 Basic Industries	5.52%
8 Cyclical Consumer Goods	3.88%
9 Information Technology	1.74%

Top 10 Holdings

1 China Mobile (Hong Kong) Ltd	10.74%
2 PetroChina Co Ltd Class H	8.48%
3 BOC Hong Kong (Holdings) Ltd	8.00%
4 CNOOC Ltd	6.55%
5 China Telecom Corp Ltd Class H	6.44%
6 Cosco Pacific Ltd	4.38%
7 Citic Pacific Ltd	4.25%
8 Ping An Insurance (Group) Co of China Ltd Class H	3.99%
9 China Merchants Holdings International Co Ltd	3.98%
10 China Life Insurance Co Class H	3.95%

Holdings are subject to change.

Please call 1-800-iSHARES (1-800-474-2737) or visit www.ishares.com for more information.

iShares FTSE/Xinhua China 25 Index Fund

Fund Details

CUSIP	464287184
Stock Exchange	NYSE
WSJ Name	ISHRCHINA25
Index Bloomberg Ticker	XINOI
Net Assets	568.30 MLN
P/E	N/A
P/B	N/A
Beta vs S&P 500	0.85
# of Holdings	26

Index Characteristics

Total Mkt Cap	51.19 BLN
Avg Mkt Cap	2.05 BLN
Med Mkt Cap	1.98 BLN
Max Mkt Cap	5.48 BLN
Min Mkt Cap	538.28 MLN
# of Holdings	25

Index Description

The Index is designed to represent the performance of the largest companies in the China equity market that are available to international investors. The Index consists of 25 of the largest and most liquid Chinese companies. Securities in the Index are weighted based on the total market value of their shares, so that securities with higher total market values generally have a higher representation in the Index. Each security in the Index is a current constituent of the FTSE All-World Index. All of the securities in the Index trade on the Hong Kong Stock Exchange.

Recent Distributions

EX-DATE	INCOME	S.T. CAP. GAIN	L.T. CAP. GAIN	RETURN OF CAPITAL	TOTAL DISTRIBUTION
12/23/04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Benefit of iShares Funds

- Tax efficient
- Low cost diversification
- Asset Allocation Tool
- Hedging vehicle
- Intraday availability
- Highly liquid
- Marginable
- Shortable

Still paying high fees and capital gains taxes? With a single trade gain low-cost, tax efficient exposure to a broad market or to an individual sector. iShares ETFs keep your money working for you.

Asset Allocation. Tax Management. Sector or Core/Satellite strategies. Ask your advisor about the precise tools iShares provides to help you manage your portfolio.

Barclays Global Investors (BGI) is the largest manager of indexed investment products in the world with more than \$1.15 trillion* in assets under management across the globe.

Call 1-800-iSHARES (1-800-474-2737) or visit www.ishares.com, where you'll find answers about iShares.

*Source: Barclays Global Investors, N.A. (09/30/04)

iShares Funds are distributed by SEI Investments Distribution Co. (SEI). Barclays Global Fund Advisors (BGFA) serves as an advisor to iShares Funds. Barclays Global Investors Services (BGIS) assists in the marketing of iShares Funds. BGFA and BGIS are subsidiaries of Barclays Global Investors, N.A., which is a wholly owned subsidiary of Barclays Bank PLC, none of which is affiliated with SEI. Distributions are rounded to the nearest penny.

In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Securities focusing on a single country may be subject to higher volatility.

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To determine if the fund(s) are an appropriate investment for you, carefully consider the funds' investment objectives, risk factors and charges and expenses before investing. This and other information can be found in the funds' prospectuses, which may be obtained by calling 1-800-iShares or by visiting www.ishares.com. Read the [prospectus](#) carefully before investing.

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