

FLOT

iShares Floating Rate Bond ETF

Analyst Report

This ETF offers exposure to floating rate debt, an asset class that may be appealing to investors looking to minimize interest rate risk (perhaps related to concerns about rising rates). Most bond ETFs offer exposure to securities that pay a fixed coupon over the life of the note, and as such are impacted when interest rates rise or fall. FLOT invests in debt with coupon payments calculated in reference to a benchmark rate, such as LIBOR. As such, the payments made by the underlying securities will fluctuate along with prevailing market interest rates. That results in an extremely low effective duration, and almost no interest rate risk. The diminished risk of course translates into a lower expected yields as well; FLOT will generally offer less in the way of return potential than other ETFs in the Corporate Bonds ETFdb Category that invest in fixed rate debt.

There are a number of potential uses for FLOT. This fund can be used as a tactical allocation in environments where interest rates are expected to rise, shielding investors from interest rate increases. It can also be used to round out fixed income exposure in a long-term portfolio, providing exposure to credit risk while minimizing interest rate risks.

This ETF focuses on investment grade, dollar-denominated debt (though the underlying portfolio includes issuers from several different countries). Investors seeking more in the way of credit risk (and return potential) might want to take a look at BKLN. That fund also invests in floating rate debt, but focuses on obligations of lower quality issuers. FLTR is another fund offering generally similar exposure to FLOT; investors considering this asset class should compare the expenses, various yield metrics, and effective durations of these funds to find the best match for their objectives.

ESG Themes and Scores

7.45/10

ESG Rate

86.31%

Global Percentile

96.65%

Peer Percentile

Performance Data

	FLOT	ETF Database Category Average	Factset Segment Average
1 Month	0.47%	0.94%	0.44%
3 Month	1.38%	1.01%	1.39%
YTD Return	0.71%	1.09%	0.71%
1 Year Return	6.13%	5.66%	6.09%
3 Year Return	4.95%	1.41%	5.04%
5 Year Return	3.11%	0.61%	3.26%

Top 5 Holdings

Symbol	Holding	% Assets
Other	International Bank for Reconstruction & Development	1.23%
Other	European Bank for Reconstruction & Development FRN	1.16%
Other	International Bank for Reconstruction & Development	1.12%
Other	European Bank for Reconstruction & Development FRN	0.98%
Other	International Bank for Reconstruction & Development	0.95%

Vitals

Issuer	BlackRock, Inc.
Brand	iShares
Structure	ETF
Expense Ratio	0.15%
Inception	Jun 14, 2011
Index Tracked	Bloomberg US Floating Rate Notes (5 Y)

ETF Database Themes

Category	Corporate Bonds
Asset Class	Bond
Asset Class Size	N/A
Asset Class Style	N/A
Region (General)	Developed Markets
Region (Specific)	Broad

FactSet Classifications

Segment	Fixed Income: U.S. - Broad Market, Broad-based Investment Grade Floating Rate
Category	Broad Market, Broad-based
Focus	Investment Grade
Niche	Floating Rate
Strategy	Vanilla
Weighting	Market Value

