

FALN

iShares Fallen Angels USD Bond ETF

Fund Description

FALN tracks a market value weighted index of bonds that were rated investment grade at issuance, but later downgraded to sub-investment grade.

FactSet Analyst Report

FALN invests in corporate fallen angels corporate bonds that previously received an investment-grade rating, but have since been downgraded to sub-investment grade. Eligible securities must be USD-denominated, from developed-market issuers. Constituents are weighted by market value, with a cap of 3% per issuer. Unsurprisingly given the investment-grade origins of its holdings, the fund has a strong bias towards higher-rated BB and B bonds, with longer maturities and greater interest-rate exposure than most funds in the segment. The fallen-angel thesis revolves around total return: the bonds generate income, but also have the potential for capital appreciation if a constituent returns to investment-grade status.