

iSHARES FLOATING RATE BOND ETF (FLOT)

iShares®
by BLACKROCK®

PRODUCT BRIEF

The FLOT Advantage

With interest rates at rock bottom, traditional short-term funds are offering little in the way of yields. Consider iShares Floating Rate Bond ETF (FLOT), which offers three key benefits:

1 Potential protection against rising rates

- ▶ Concerns about rising interest rates have prompted many investors to consider moving out of longer-duration bonds
- ▶ Floating rate note coupons are designed to rise with short-term interest rates, which helps you keep up when short-term rates rise

2 Potentially attractive yield vs. money market funds

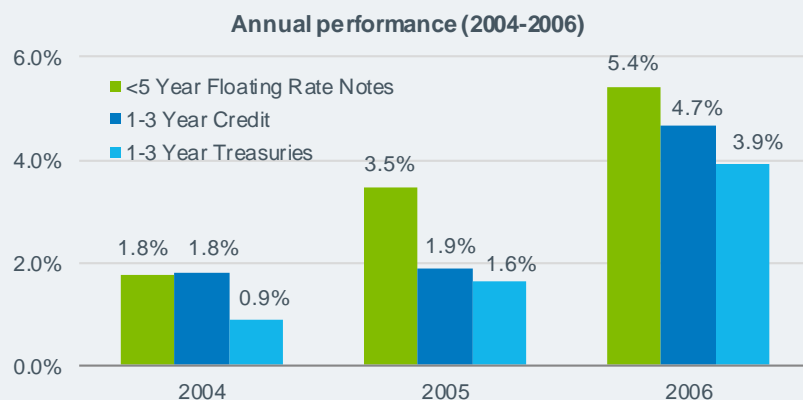
- ▶ Cash may not be a viable option, as money market funds are yielding next to nothing. 3-month Treasury bills currently offer a paltry 0.50%.¹
- ▶ FLOT is designed to offer a higher yield – 30-day SEC yield is currently 1.08% – in an easy-to-access and flexible ETF

3 Short-term, high quality credit

- ▶ Conservative investors often look to ultra short-term funds for exposure to investment grade credit. FLOT offers access to 400+ short-term investment grade bonds in a single trade²

What happened the last time rates rose?

Floating rate notes outperformed the last time interest rates rose (from June 2004 to June 2006), as coupons reset to match higher short-term rates.



Source: BlackRock. As measured by Barclays US Floating Rate Note <5 Years Index, Barclays Capital U.S. 1-3 Year Credit Bond Index, Barclays Capital U.S. 1-3 Year Treasury Bond Index. **Index returns are for illustrative purposes only and do not represent actual iShares Fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future returns.**

FLOT

iShares Floating Rate Bond ETF

Key Facts

Expense Ratio	0.20%
Inception	6/14/2011
Index	BarclaysUS Floating Rate Note <5 Years Index
# of Holdings	548
30-Day SEC Yield	1.31%
Effective Duration³	0.14 years
Assets Under Management	\$5.9 bn

Source: BlackRock, as of 06/30/17. Holdings are subject to change. **Past performance does not guarantee future results. For standardized performance of this fund, please see the next page.**

³ Duration is a measure of how sensitive bonds are to interest rates. A bond or fund with high duration is expected to be more sensitive to a change in interest rates than a bond or fund with low duration.

Portfolio Management



Scott Radell, CFA
Portfolio Manager

Scott Radell, CFA, is the Head of North America Portfolio Solutions, responsible for the management and oversight of all the Americas Index, iShares, and model-based active fixed income funds. Mr. Radell's service with the firm dates back to 2003, including his years with Barclays Global Investors (BGI), which merged with BlackRock in 2009.

1. Source: US Treasury, as of 12/31/16. An investment in fixed income funds is not equivalent to and involves risk not associated with an investment in cash. Money market funds typically seek to maintain a net asset value of \$1.00 per share. Fixed income funds do not have a similar objective.

2. Source: BlackRock, as of 12/31/16. Bonds must be less than 5 years to maturity and rated investment grade (BBB or above) in order to be included in FLOT's index.

Standardized Performance as of 06/30/17		FLOT
1 year	Fund NAV Total Return	1.80%
	Fund Market Price Total Return	1.82%
	Index Total Return	2.14%
5 year	Fund NAV Total Return	1.12%
	Fund Market Price Total Return	1.08%
	Index Total Return	1.32%
Since Incept.	Fund NAV Total Return	1.00%
	Fund Market Price Total Return	1.02%
	Index Total Return	1.21%

Source: BlackRock. **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, 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 visiting www.ishares.com or www.blackrock.com.** Shares of iShares Funds are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. Market returns are based upon the midpoint of the bid/ask spread at 4:00 p.m. eastern time (when NAV is normally determined for most iShares Funds), and do not represent the returns you would receive if you traded shares at other times.

What Are Floating Rate Notes?

Floating rate notes are unique:

- ▶ **Their coupons are variable.** Rather than pay fixed coupons like traditional bonds, floating rate bonds offer coupons that reset periodically with changes in short-term interest rates. Floating rate note coupons are designed to increase in parallel with short-term interest rates
- ▶ **They're investment grade.** Though they're often confused with high yield bank loans, floating rate notes are generally investment grade²
- ▶ **They're often issued by financial institutions**

FLOT

Visit [iShares.com](http://www.ishares.com) to learn more about FLOT and iShares 60+ bond ETFs

Know the Differences

Money Market Funds

- ▶ A type of mutual fund that invests in high quality short-term debt and pay dividends that generally reflect short-term interest rates
- ▶ Seek to maintain a stable value called a "net asset value" or NAV of \$1.00 per share
- ▶ Often used by investors to park cash, or as an alternative to investing in the stock market
- ▶ Considered to be fairly safe investments, however do have risks and fees. While a fund's managers try to keep the NAV stable, the yield changes over time. These changes generally reflect short-term interest rates

ETFs

- ▶ Funds that trade on exchanges intraday at the current market price, which may differ from net asset value
- ▶ Fees consist of an expense ratio and applicable transaction or brokerage costs
- ▶ Hold baskets of securities
- ▶ Passively managed; seek to track a benchmark and holdings are not altered during rising or falling rates
- ▶ Performance may differ from the underlying benchmark

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 or, if available, the summary prospectuses which may be obtained by visiting www.ishares.com or www.blackrock.com. Read the prospectus carefully before investing.

Investing involves risk, including possible loss of principal.

Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Securities with floating or variable interest rates may decline in value if their coupon rates do not keep pace with comparable market interest rates. The Fund's income may decline when interest rates fall because most of the debt instruments held by the Fund will have floating or variable rates.

There can be no assurance that an active trading market for shares of an ETF will develop or be maintained.

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