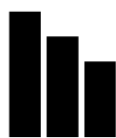


MECHANICS OF U.S. TREASURY FLOATING RATE NOTES

How can investors use U.S. Treasury floating rate notes (FRNs) in their portfolio?



Put cash to work
Get cash invested in short duration Treasury FRNs



Lower duration
Treasury FRNs typically have very low effective duration, since the coupons reset with changes in short-term interest rates



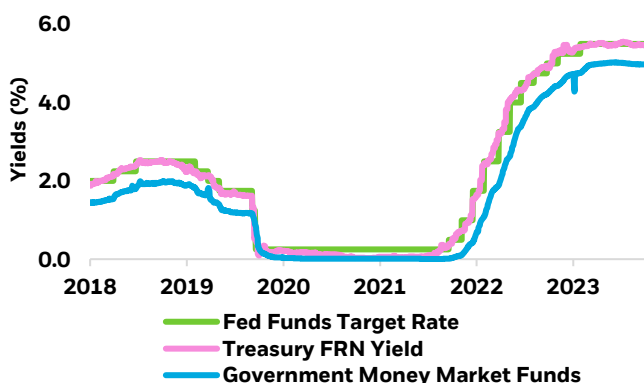
Access high quality floaters
Treasury FRNs are backed by the full faith and credit of the U.S. government, just like other government bonds

What are U.S. Treasury floating rate notes?

Treasury floating rate notes are U.S. government bonds with coupons that periodically reset using 3-month (13 week) Treasury bill (T-bill) rates. The U.S. government began issuing these bonds in January 2014. Just like other U.S. government bonds, these securities are backed by the full faith and credit of the U.S. government. Treasury FRNs are issued with a two-year maturity. The U.S. Treasury auctions FRNs each quarter with maturity dates in January, April, July, and October.

Treasury floating rate note yields change as the Fed adjusts rates¹

Past five years ending 3/31/2024



How do the coupon resets work?

Coupons are adjusted based on the following formula:

$$\text{Coupon} = \text{13-week T-bill high auction rate} + \text{fixed spread}$$

Treasury FRNs pay coupons based on the highest accepted discount rate of the most recent 13-week T-bill auction, which occurs each Monday. The coupon will update the following business day. The accrued interest from the resets is paid out quarterly.

The “fixed spread” is determined at the time of issuance based on the market’s supply and demand for the bond. The fixed spread does not change over the life of the bond.

Illustration of coupon reset

Time Period	13-week T-bill Rate	Fixed Spread	Coupon
Coupon at issuance	= 1.95%	+ 0.05%	= 2.00%
Coupon at 1 st reset	= 2.05%	+ 0.05%	= 2.10%
Coupon at 2 nd reset	= 2.10%	+ 0.05%	= 2.15%

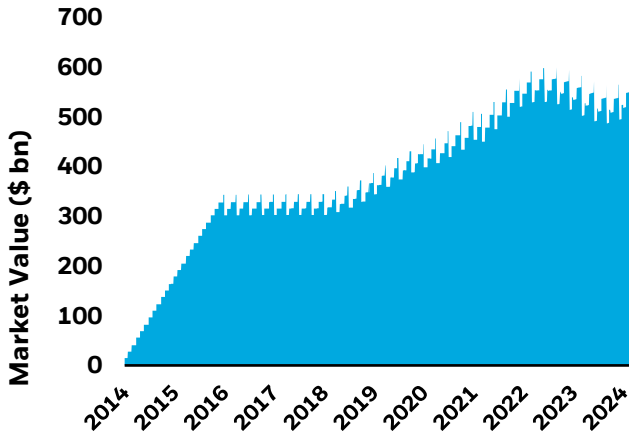
For illustrative purposes only.

¹ Source: Bloomberg, iMoney.net and BlackRock as of 3/31/2024. Treasury FRN yield is the yield-to-worst of the Bloomberg U.S. Treasury Floating Rate Note Index. Government Money Market Fund is the average of all 2a-7 government money market fund share classes. Money market funds typically seek to maintain a net asset value of \$1.00 per share. Fixed income ETFs do not have a similar objective. **Index performance is for illustrative purposes only. Index performance does 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 results.**

How large is the U.S. Treasury floating rate note market?

The U.S. Treasury began issuing FRNs in January 2014. Issuance has grown from \$15 billion in 2014 to \$554 billion as of March 31, 2024. The total market value of marketable U.S. Treasury debt is \$26.9 trillion, while FRNs comprise about 2.05% of the total.

Market value of Treasury FRNs² (since June 2014)



Types of marketable U.S. Government Debt³ (March 2024)

Type of treasury bond	Total market value (\$ bn)	% of total
Floating rate notes	\$554	2.05%
T-bills (<1 year)	\$6,063	22.50%
Notes (1-10 years)	\$13,863	51.45%
Bonds (10+ years)	\$4,467	16.58%
TIPS (inflation-protected)	\$1,999	7.42%
Federal Financing Bank	\$5	0.02%
Total debt	\$26,951	100%

² Bloomberg as of 3/31/2024.

³ U.S. Treasury as of 3/31/2024. Totals on marketable securities are provided by the U.S. Treasury in the Monthly Statement of the Public Debt as of 3/31/2024.

Why TFLO?

TFLO

iShares Treasury Floating Rate Bond ETF
Expense ratio: 0.15%

- Exposure to U.S. floating rate Treasury bonds, whose interest payments adjust to reflect changes in interest rates
- Easy access to a new type of Treasury bond (first issued in January 2014)
- Use to put cash to work, seek stability, and manage interest rate risk

Carefully consider the iShares 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 (1-800-474-2737) or by visiting www.iShares.com. Read the prospectus carefully before investing. Investing involves risk, including possible loss of principal. Bonds and bond funds will decrease in value as interest rates rise and are subject to credit risk, which refers to the possibility that the debt issuers may not be able to make principal and interest payments or may have their debt downgraded by ratings agencies. 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. This information should not be relied upon as research, investment advice, or a recommendation regarding any products, strategies, or any security in particular. This material is strictly for illustrative, educational, or informational purposes and is subject to change. The iShares Funds are distributed by BlackRock Investments, LLC (together with its affiliates, "BlackRock").

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