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What is a 'Floating-Rate Note - FRN'?

Investopedia defines a Floating Rate Note, also known as a [floater](#) or FRN, is a debt instrument with a variable interest rate. A floating rate note's interest rate, since it is not fixed, is tied to a benchmark such as the U.S. Treasury bill rate, LIBOR, the fed funds or the prime rate. Floaters are mainly issued by financial institutions and governments, and they typically have a two- to five-year [term to maturity](#).

Floating-rate notes (FRNs) make up a significant component of the U.S. investment-grade [bond market](#), and **they tend to become more popular when interest rates are expected to increase**. Compared to fixed-rate debt instruments, floaters protect investors against a rise in interest rates. This is because interest rates have an inverse relationship with bond prices, and the [market price](#) a fixed-rate note will drop if interest rates increase. For this reason, however, FRNs carry lower yields than fixed notes of the same maturity. They also have unpredictable coupon payments, although the note sometimes has a cap and a floor, which allows an investor to know the maximum and/or minimum interest rate the note might pay.

An FRN's interest rate can change as often or as frequently as the issuer chooses, from once a day to once a year. The reset period tells the investor how often the rate adjusts. The issuer may pay interest monthly, quarterly, semiannually or annually. FRNs may be issued with or without a [call option](#).

One major FRN issuer is Fannie Mae. Its FRNs have different reference rates, including three-month T-bills, the prime rate, fed funds rate, one-month [LIBOR](#) and three-month LIBOR. Commercial banks, state and local governments, corporations and money market funds purchase these notes, which offer a variety of terms to maturity and may be callable or non-callable.

Please find below a list of 50 popular Floating Rate Note funds worth looking into for consideration as an addition to a portfolio. *Only buy an amount appropriately sized to your financial conditions.*

Symbol	Name	Recent Price	%Yield %
FLOT	iShares Floating Rate Note ETF	\$51.02	1.65
LFVFX	Leader Floating Rate Fund Investor Class	\$10.04	1.73
FLTR	VanEck Vectors Investment Grade Floating Rate Bond ETF	\$25.33	1.77
DDFAX	Delaware Floating Rate Fund	\$8.37	2.06
SPFRX	American Beacon Sound Point Floating Rate Income Fund	\$10.34	2.34
PSRWX	PIMCO Senior Floating Rate C	\$9.89	2.67
BKLN	PowerShares Senior Loan Portfolio	\$23.10	3.02

CFOAX	Calvert Floating-Rate Advantage Fund - Class A	\$9.98	3.26
NFIAX	Neuberger Berman Floating Rate Inc A	\$9.90	3.38
FRSAX	Federated Floating Rate Strategic Income Fund Clas	\$9.95	3.40
PSRZX	PIMCO Senior Floating Rate A	\$9.89	3.41
MXFAX	MainStay Floating Rate A	\$9.33	3.50
MWFRX	Metropolitan West Floating Rate Income Fund Class	\$10.05	3.50
FLARX	Pioneer Floating Rate A	\$6.77	3.57
FFRAX	Fidelity Advisor Floating Rate Hi Inc A	\$9.65	3.59
PFLRX	Putnam Floating Rate Income A	\$8.61	3.64
FRFAX	Prudential Floating Rate Income A	\$9.91	3.68
GIFAX	Guggenheim Floating Rate Strats A	\$25.91	3.71
EVBLX	Eaton Vance Floating Rate A	\$9.36	3.81
RFRAX	Columbia Floating Rate A	\$9.15	3.81
FFRHX	Fidelity Floating Rate High Income	\$9.64	3.87
BFRAX	BlackRock Floating Rate Income Inv A	\$10.17	3.88
HFLAX	Hartford Floating Rate A	\$8.74	3.89
IFRAX	Voya Floating Rate A	\$9.85	3.90
PLFLX	PL Floating Rate Income Fund Class A	\$10.14	3.97
EVFHX	Eaton Vance Floating-Rate & Hi Inc A	\$9.44	4.03
PSFRX	Virtus Senior Floating Rate Fund	\$9.42	4.08
PRFRX	T. Rowe Price Floating Rate Fund	\$9.84	4.11
JPHAX	JPMorgan Floating Rate Income A	\$9.40	4.12
FAFRX	Franklin Floating Rate Daily Access A	\$8.77	4.12
DLFRX	DoubleLine Floating Rate Fund Class N Shares	\$9.96	4.20
RPIFX	T. Rowe Price Instl Floating Rate	\$10.00	4.35
AFRAX	Invesco Floating Rate A	\$7.59	4.36
SFRAX	RidgeWorth Seix Floating Rate Hi Inc A	\$8.71	4.38

SASFX	SunAmerica Senior Floating Rate Fund Class A	\$8.12	4.40
FFHCX	Fidelity Series Floating Rate High Inc	\$9.51	4.47
LFRAx	Lord Abbett Floating Rate A	\$9.18	4.48
FDHAX	First Trust Short Duration High Inc A	\$19.75	4.53
OSFCX	Oppenheimer Senior Floating Rate Plus Fund	\$9.39	4.57
CSHIX	Credit Suisse Floating Rate Hi Inc Instl	\$6.85	4.58
OOSAX	Oppenheimer Senior Floating Rate A	\$8.14	4.61
EAFAX	Eaton Vance Floating-Rate Advantage A	\$10.96	4.63
DFRAX	Deutsche Floating Rate A	\$8.25	4.68
PFIIX	PIMCO Floating Income Fund Institutional Class	\$8.51	4.88
JFIAX	JHancock Floating Rate Income A	\$8.47	5.04
NFRAX	Nuveen Symphony Floating Rate Income A	\$19.63	5.17
RSFLX	Victory Floating Rate Fund	\$9.58	5.37
LSFAX	Loomis Sayles Sr Floating Rate and F/I A	\$9.89	5.43
HFHAX	Hartford Floating Rate High Inc A	\$10.06	5.54
CFRAX	Catalyst Floating Rate Income Fund	\$9.67	6.62

Disclosure

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