

BLACKROCK FLOATING RATE INCOME STRATEGIES FUND, INC.

Form N-CSRS

May 03, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT  
COMPANIES**

Investment Company Act file number 811-21413

Name of Fund: BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Floating Rate Income Strategies Fund, Inc., 55 East 52<sup>nd</sup> Street, New York, NY 10055

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 08/31/2016

Date of reporting period: 02/29/2016

Item 1 Report to Stockholders

FEBRUARY 29, 2016

SEMI-ANNUAL REPORT (UNAUDITED)

**BlackRock Defined Opportunity Credit Trust (BHL)**

**BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)**

**BlackRock Limited Duration Income Trust (BLW)**

Not FDIC Insured   May Lose Value   No Bank Guarantee

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## The Markets in Review

Dear Shareholder,

Diverging monetary policies and shifting economic outlooks across regions have been the overarching themes driving financial markets over the past couple of years. With U.S. growth outpacing the global economic recovery while inflationary pressures remained low, investors spent most of 2015 anticipating the curtailment of the Federal Reserve's near-zero interest rate policy, which ultimately came in December. In contrast, the European Central Bank and the Bank of Japan took measures to stimulate growth. In this environment, the U.S. dollar strengthened considerably, causing profit challenges for U.S. exporters and high levels of volatility in emerging market currencies and commodities.

Global market volatility increased in the latter part of 2015 and continued into early 2016. Oil prices collapsed in mid-2015 due to excess supply, and remained precarious while the world's largest oil producers sought to negotiate a deal. Developing countries, many of which rely heavily on oil exports to sustain their economies, were particularly affected by falling oil prices. Meanwhile, China, one of the world's largest oil consumers, exhibited further signs of slowing economic growth. This, combined with a depreciating yuan and declining confidence in the country's policymakers, stoked worries about the potential impact of China's weakness on the broader global economy.

Toward the end of the period, volatility abated as investors were relieved to find that conditions were not as bad as previously feared. While the recent selloff in risk assets has resulted in more reasonable valuations and some appealing entry points, investors continue to face mixed economic data and uncertainty relating to oil prices, corporate earnings and an unusual U.S. presidential election season.

For the 12-month period, higher quality assets such as U.S. Treasuries, municipal bonds and investment grade corporate bonds generated positive returns, while risk assets such as equities and high yield bonds broadly declined.

At BlackRock, we believe investors need to think globally, extend their scope across a broad array of asset classes and be prepared to move freely as market conditions change over time. We encourage you to talk with your financial advisor and visit [blackrock.com](http://blackrock.com) for further insight about investing in today's markets.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

Rob Kapito

President, BlackRock Advisors, LLC

### Total Returns as of February 29, 2016

	6-month	12-month
U.S. large cap equities (S&P 500® Index)	(0.92)%	(6.19)%
U.S. small cap equities (Russell 2000® Index)	(10.16)	(14.97)
International equities (MSCI Europe, Australasia, Far East Index)	(9.48)	(15.18)
Emerging market equities (MSCI Emerging Markets Index)	(8.85)	(23.41)

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3-month Treasury bills (BofA Merrill Lynch 3-Month U.S. Treasury Bill Index)	0.06	0.08
U.S. Treasury securities (BofA Merrill Lynch 10-Year U.S. Treasury Index)	5.01	4.11
U.S. investment-grade bonds (Barclays U.S. Aggregate Bond Index)	2.20	1.50
Tax-exempt municipal bonds (S&P Municipal Bond Index)	3.56	3.78
U.S. high yield bonds (Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	(5.57)	(8.26)

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

THIS PAGE NOT PART OF YOUR FUND REPORT

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Fund Summary as of February 29, 2016

BlackRock Defined Opportunity Credit Trust

**Fund Overview**

BlackRock Defined Opportunity Credit Trust's (BHL) (the Fund) primary investment objective is to provide high current income, with a secondary objective of long-term capital appreciation. The Fund seeks to achieve its investment objectives by investing substantially all of its assets in loan and debt instruments and loan-related and debt-related instruments (collectively credit securities). The Fund invests, under normal market conditions, at least 80% of its assets in any combination of the following credit securities: (i) senior secured floating rate and fixed rate loans; (ii) second lien or other subordinated or unsecured floating rate and fixed rate loans or debt; (iii) credit securities that are rated below investment grade quality; and (iv) investment grade corporate bonds. The Fund may invest directly in such securities or synthetically through the use of derivatives.

BHL is scheduled to terminate no later than December 31, 2017.

No assurance can be given that the Fund's investment objectives will be achieved.

**Performance and Portfolio Management Commentary**

Returns for the six months ended February 29, 2016 were as follows:

	Returns Based On	
	Market Price	NAV
BHL <sup>1,2</sup>	1.65%	(3.71)%
Lipper Loan Participation Funds <sup>3</sup>	(7.81)%	(7.18)%

<sup>1</sup> All returns reflect reinvestment of dividends and/or distributions.

<sup>2</sup> The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV.

<sup>3</sup> Average return.

The following discussion relates to the Fund's absolute performance based on NAV:

**What factors influenced performance?**

Credit markets, including floating rate loan interests (bank loans), were in negative territory for the six months ended February 29, 2016, driven in large part by a continued decline in commodity prices. Following a brief recovery entering the period, energy prices were the hardest hit as crude oil slid during the period to below \$30 a barrel. The Fund's modest exposure to the energy sector was the most notable detractor from returns. Positions in collateralized loan obligations (CLOs) and high yield bonds detracted from performance as well.

**Describe recent portfolio activity.**

During the period, the Fund maintained its overall focus on the higher quality segments of the loan market in terms of loan structure, liquidity and general credit quality. The Fund concentrated its investments in strong companies with stable cash flows, and high quality collateral with the ability to meet interest obligations and ultimately return principal. Although there has been tighter supply in the floating rate loan interests (bank loans) market, the Fund has maintained its highly selective investment approach.

From a sector standpoint, the Fund added to names in the technology and health care sectors, while trimming exposure in the pharmaceuticals and lodging sectors. The Fund also reduced its exposure to CLOs during the period.

**Describe portfolio positioning at period end.**

At period end, the Fund held a majority of its total portfolio in floating rate loan interests (bank loans), with a small position in high yield corporate bonds. The Fund maintained its highest concentration in higher coupon B-rated loans of select issuers while limiting exposure to low coupon BB-rated loans. Additionally, the Fund held a reduced position in CCC-rated loans, while also avoiding the more volatile segments of that universe, such as oil field services, metals & mining and media companies. The largest individual positions included First Data Corp. (technology), Level 3 Communications, Inc. (wirelines), and Avago Technologies Ltd.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.



## BlackRock Defined Opportunity Credit Trust

## Fund Information

Symbol on New York Stock Exchange ( NYSE )	BHL
Initial Offering Date	January 31, 2008
Current Distribution Rate on Closing Market Price as of February 29, 2016 (\$12.83) <sup>1</sup>	4.77%
Current Monthly Distribution per Common Share <sup>2</sup>	\$0.051
Current Annualized Distribution per Common Share <sup>2</sup>	\$0.612
Economic Leverage as of February 29, 2016 <sup>3</sup>	27%

<sup>1</sup> Current Distribution Rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate may consist of income, net realized gains and/or a tax return of capital. Past performance does not guarantee future results.

<sup>2</sup> The distribution rate is not constant and is subject to change.

<sup>3</sup> Represents bank borrowings outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

## Market Price and Net Asset Value Per Share Summary

	2/29/16	8/31/15	Change	High	Low
Market Price	\$ 12.83	\$ 12.95	(0.93)%	\$ 13.37	\$ 12.50
Net Asset Value	\$ 12.99	\$ 13.84	(6.14)%	\$ 13.87	\$ 12.92

## Market Price and Net Asset Value History For the Past Five Years

## Overview of the Fund's Total Investments

Portfolio Composition	2/29/16	8/31/15
Floating Rate Loan Interests	94%	94%
Corporate Bonds	2	3
Asset-Backed Securities	2	3
Short-Term Securities	2	4
Other <sup>5</sup>		

<sup>4</sup> Representing less than 1% of the Fund's total investments.

<sup>5</sup> Includes less than 1% holding in each of the following investments types: Common Stocks, Investment Companies, Non-Agency Mortgage-Backed Securities, Short-Term Securities and Warrants.

Credit Quality Allocation <sup>5,6</sup>	2/29/16	8/31/15
A		1%
BBB/Baa	10%	8
BB/Ba	46	45
B	35	40

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CCC/Caa	3	3
N/R	6	3

<sup>5</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either Standard & Poor's (S&P) or Moody's Investors Service (Moody's) if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

<sup>6</sup> Excludes Short-Term Securities.

Fund Summary as of February 29, 2016

BlackRock Floating Rate Income Strategies Fund, Inc.

**Fund Overview**

BlackRock Floating Rate Income Strategies Fund, Inc.'s (FRA) (the Fund) investment objective is to provide shareholders with high current income and such preservation of capital as is consistent with investment in a diversified, leveraged portfolio consisting primarily of floating rate debt securities and instruments. The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its assets in floating rate debt securities, including floating or variable rate debt securities that pay interest at rates that adjust whenever a specified interest rate changes and/or which reset on predetermined dates (such as the last day of a month or calendar quarter). The Fund invests a substantial portion of its investments in floating rate debt securities consisting of secured or unsecured senior floating rate loans that are rated below investment grade. The Fund may invest directly in floating rate debt securities or synthetically through the use of derivatives.

No assurance can be given that the Fund's investment objective will be achieved.

**Performance and Portfolio Management Commentary**

Returns for the six months ended February 29, 2016 were as follows:

	Returns Based On	
	Market Price	NAV
FRA <sup>1,2</sup>	(2.59)%	(3.36)%
Lipper Loan Participation Funds <sup>3</sup>	(7.81)%	(7.18)%

<sup>1</sup> All returns reflect reinvestment of dividends and/or distributions.

<sup>2</sup> The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV.

<sup>3</sup> Average return.

The following discussion relates to the Fund's absolute performance based on NAV:

**What factors influenced performance?**

Credit markets, including floating rate loan interests (bank loans), were in negative territory for the six months ended February 29, 2016, driven in large part by a continued decline in commodity prices. Following a brief recovery entering the period, energy prices were the hardest hit as crude oil slid during the period to below \$30 a barrel. The Fund's modest exposure to the energy sector was the most notable detractor from returns. Positions in collateralized loan obligations (CLOs) and high yield bonds detracted from performance as well.

Leading positive contributors to the Fund's absolute performance included holdings within health care, gaming and packaging.

**Describe recent portfolio activity.**

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During the period, the Fund maintained its overall focus on the higher quality segments of the loan market in terms of loan structure, liquidity and overall credit quality. The Fund concentrated its investments in strong companies with stable cash flows, and high quality collateral with the ability to meet interest obligations and ultimately return principal. Although there has been tighter supply in the floating rate loan interests (bank loans) market, the Fund has maintained its highly selective investment approach. From a sector standpoint, the Fund added to names in the technology and health care sectors, while trimming exposure in the pharmaceuticals and lodging sectors. The Fund also reduced its exposure to CLOs during the period.

### **Describe portfolio positioning at period end.**

At period end, the Fund held a majority of its total portfolio in floating rate loan interests (bank loans), with a small position in asset-backed securities and high yield corporate bonds. The Fund maintained its highest concentration in higher coupon B-rated loans of select issuers while limiting exposure to low coupon BB-rated loans. Additionally, the Fund held a reduced position in CCC-rated loans, while also avoiding the more volatile segments of that universe, such as oil field services, metals & mining and media companies. The largest individual positions included First Data Corp. (technology), Level 3 Communications, Inc. (wirelines), and Avago Technologies Ltd.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

## BlackRock Floating Rate Income Strategies Fund, Inc.

## Fund Information

Symbol on NYSE	FRA
Initial Offering Date	October 31, 2003
Current Distribution Rate on Closing Market Price as of February 29, 2016 (\$12.23) <sup>1</sup>	5.99%
Current Monthly Distribution per Common Share <sup>2</sup>	\$0.061
Current Annualized Distribution per Common Share <sup>2</sup>	\$0.732
Economic Leverage as of February 29, 2016 <sup>3</sup>	27%

<sup>1</sup> Current Distribution Rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate may consist of income, net realized gains and/or a tax return of capital. Past performance does not guarantee future results.

<sup>2</sup> The distribution rate is not constant and is subject to change.

<sup>3</sup> Represents bank borrowings outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 10.

## Market Price and Net Asset Value Per Share Summary

	2/29/16	8/31/15	Change	High	Low
Market Price	\$12.23	\$12.94	(5.49)%	\$13.20	\$11.97
Net Asset Value	\$13.99	\$14.91	(6.17)%	\$14.94	\$13.91

## Market Price and Net Asset Value History For the Past Five Years

## Overview of the Fund's Total Investments

Portfolio Composition	2/29/16	8/31/15
Floating Rate Loan Interests	94%	92%
Asset-Backed Securities	3	4
Corporate Bonds	2	3
Common Stocks	<sup>4</sup>	1
Short-Term Securities	1	<sup>4</sup>
Other <sup>5</sup>		