

BLACKROCK FLOATING RATE INCOME STRATEGIES FUND, INC.

Form N-CSRS

May 03, 2017

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 52nd Street, New York, NY 10055

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

Date of fiscal year end: 08/31/2017

Date of reporting period: 02/28/2017

Item 1 Report to Stockholders

FEBRUARY 28, 2017

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

The Markets in Review

Dear Shareholder,

Risk assets, such as stocks and high yield bonds, enjoyed strong performance in the 12 months ended February 28, 2017. It was a different story for higher-quality assets such as U.S. Treasuries, which generated muted returns after struggling in the latter part of 2016 as reflationary expectations in the United States helped drive a pick-up in global growth and investors braced for higher interest rates.

Markets showed great resilience during the period. Big surprises such as the United Kingdom's vote to leave the European Union and the outcome of the U.S. presidential election brought spikes in equity market volatility, but they were ultimately short-lived. Instead, investors used the sell-offs to seize upon buying opportunities, allowing markets to quickly rebound. We believe this reinforces the case for taking the long view rather than reacting to short-term market noise.

The global reflationary theme—rising nominal growth, wages and inflation—was the dominant driver of asset returns during the period, outweighing significant political upheavals and uncertainty. This trend accelerated after the U.S. election and continued into the beginning of 2017, stoked by expectations for an extra boost to U.S. growth via fiscal policy.

Although economic momentum is gaining traction, the capacity for rapid global growth is restrained by structural factors including an aging population, low productivity growth and excess savings. A tempered economic growth trend and high valuations across most assets have set the stage for muted investment returns going forward.

Equity markets still have room to move, although the disparity between winners and losers is widening, making selectivity increasingly important. Fixed income investors are also facing challenges as bond markets recalibrate to accommodate rising rates and higher inflation expectations. And in a world where political risk and policy uncertainty abound, there is no lack of potential catalysts for higher volatility.

In this environment, investors need to think globally, extend their scope across a broad array of asset classes and be nimble as market conditions change. We encourage you to talk with your financial advisor and visit 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 28, 2017

	6-month	12-month
U.S. large cap equities (S&P 500® Index)	10.01%	24.98%
U.S. small cap equities (Russell 2000® Index)	12.61	36.11
International equities (MSCI Europe, Australasia, Far East Index)	4.90	15.75
Emerging market equities (MSCI Emerging Markets Index)	5.51	29.46
	0.22	0.39

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3-month Treasury bills (BofA Merrill Lynch 3-Month U.S. Treasury Bill Index)		
U.S. Treasury securities (BofA Merrill Lynch 10-Year U.S. Treasury Index)	(6.17)	(4.09)
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	(2.19)	1.42
Tax-exempt municipal bonds (S&P Municipal Bond Index)	(2.51)	0.76
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	5.43	21.83

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

Table of Contents

	Page
<u>The Markets in Review</u>	2
Semi-Annual Report:	
<u>Fund Summaries</u>	4
<u>The Benefits and Risks of Leveraging</u>	10
<u>Derivative Financial Instruments</u>	10
Financial Statements	
<u>Schedules of Investments</u>	11
<u>Statements of Assets and Liabilities</u>	68
<u>Statements of Operations</u>	70
<u>Statements of Changes in Net Assets</u>	71
<u>Statements of Cash Flows</u>	72
<u>Financial Highlights</u>	73
<u>Notes to Financial Statements</u>	76
<u>Officers and Directors</u>	90
<u>Additional Information</u>	91

SEMI-ANNUAL REPORT

FEBRUARY 28, 2017

3

Fund Summary as of February 28, 2017

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 managed 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 by a nationally recognized credit rating organization or unrated credit securities that are deemed to be of comparable quality by the investment adviser; 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 28, 2017 were as follows:

	Returns Based On	
	Market Price	NAV
BHL ^{1,2}	6.26%	4.02%
Lipper Loan Participation Funds ³	13.07%	6.22%

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

² The Fund moved from a discount to NAV to a premium during the period, which accounts for the difference between performance based on price and performance based on NAV.

³ Average return.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles. The following discussion relates to the Fund's absolute performance based on NAV:

What factors influenced performance?

Floating rate loan interests (bank loans) benefited from the strong appetite for credit during the six-month period. From a sector perspective, the largest absolute contributors to performance included technology, healthcare, and consumer cyclical services. On a credit rating basis, B-rated, BB-rated and CCC-rated positions were the largest contributors over the semi-annual period. Finally, from an asset allocation standpoint, the Fund's tactical positions in high yield bonds and collateralized loan obligations benefited performance.

From a sector perspective, exposure to retailers was the sole absolute detractor from Fund performance for the six-month period. From a credit rating perspective, D-rated names posted slightly negative results while all other credit-rating segments posted positive returns.

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 overall credit quality. The Fund has 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. From a sector standpoint, the Fund reduced exposure to consumer cyclical services overall and in particular to retailers, on the view that the outlook for the space continues to deteriorate on the back of weaker revenues. By contrast, the Fund increased its allocation to the health care and pharmaceutical sectors. With the bank loan universe trading over par, the Fund selectively added to its fixed rate high yield bond allocation in order to add price appreciation potential, as well as to garner higher quality energy exposure relative to that available within bank loans.

Describe portfolio positioning at period end.

The Fund held a majority of its portfolio in floating rate bank loans, with a modest position in relatively conservative 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 minimal position in loans rated CCC and below, while also avoiding the more volatile segments of that universe, such as oilfield services and retailers. Leading individual positions included Level 3 Communications, Inc. (wirelines), Altice NV (cable & satellite), and First Data Corp. (technology).

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 28, 2017 (\$13.88) ¹	4.41%
Current Monthly Distribution per Common Share ²	\$0.051
Current Annualized Distribution per Common Share ²	\$0.612
Economic Leverage as of February 28, 2017 ³	18%

¹ 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.

² The distribution rate is not constant and is subject to change.

³ 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

	2/28/17	8/31/16	Change	High	Low
Market Price	\$ 13.88	\$ 13.42	3.43%	\$ 13.95	\$ 13.24
Net Asset Value	\$ 13.87	\$ 13.70	1.24%	\$ 13.91	\$ 13.68

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

Overview of the Fund's Total Investments

Portfolio Composition	2/28/17	8/31/16
Floating Rate Loan Interests	94%	95%
Corporate Bonds	5	4
Asset-Backed Securities	1	1
Short-Term Securities ⁴		
Other	5	6

⁴ Representing less than 1% of the Fund's total investments.

⁵ Includes less than 1% holding in each of the following investments types: Common Stocks, Rights and Warrants.

⁶ Includes less than 1% holding in each of the following investments types: Common Stocks, Investment Companies, Non-Agency Mortgage-Backed Securities and Warrants.

Credit Quality Allocation^{7,8}	2/28/17	8/31/16
A ⁴		
BBB/Baa	6%	11%
BB/Ba	46	45
B	43	39
CCC/Caa	2	2
N/R	3	3

⁷ 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.

⁸ Excludes Short-Term Securities.

Fund Summary as of February 28, 2017

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 managed 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 at the time of investment or, if unrated, are considered by the investment adviser to be of comparable quality. 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 28, 2017 were as follows:

	Returns Based On	
	Market Price	NAV
FRA ^{1,2}	11.02%	5.13%
Lipper Loan Participation Funds ³	13.07%	6.22%

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

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

³ Average return.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles. The following discussion relates to the Fund s absolute performance based on NAV:

What factors influenced performance?

Floating rate loan interests (bank loans) benefited from the strong appetite for credit during the six-month period. On a sector basis, the largest contributors included holdings within technology, health care and chemicals. From a credit-rating perspective, B-rated, BB-rated and CCC-rated names were the largest contributors, as the lower credit-quality portions of the bank loan market drove the overall rally across the asset class. The Fund s tactical allocation to high yield bonds also contributed to performance, as the asset class benefited to a greater degree than bank loans from the rally in the energy and metals & mining sectors. Finally, an out-of-benchmark allocation to collateralized loan obligations added to returns.

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The sole negative contributor to the Fund's absolute performance over the six months came from exposure to retailers, as the space continued to display fundamental weakness. All other sectors within the bank loan market provided positive returns, as did all credit rating segments within the asset class.

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 overall credit quality. The Fund has 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. From a sector standpoint, the Fund reduced exposure to consumer cyclical services overall and in particular to retailers, on the view that the outlook for the space continues to deteriorate on the back of weaker revenues. By contrast, the Fund increased its allocation to the health care and pharmaceutical sectors. With the bank loan universe trading over par, the Fund selectively added to its fixed rate high yield bond allocation in order to add price appreciation potential, as well as to garner higher quality energy exposure relative to that available within bank loans.

Describe portfolio positioning at period end.

The Fund held a majority of its portfolio in floating rate bank loans, with a moderate position in relatively conservative high yield corporate bonds. The Fund maintained its highest concentration in higher coupon B-rated loans of select issuers, while limiting exposure to both higher quality loans with less compelling risk/reward profiles and lower-rated loans with more equity-like profiles and greater downside risk should credit sentiment weaken. At period-end, top issuer overweights included Ligado Networks LLC (wireless), Altice NV (cable & satellite), and Level 3 Communications, Inc. (wirelines).

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 28, 2017 (\$14.74) ¹	4.97%
Current Monthly Distribution per Common Share ²	\$0.061
Current Annualized Distribution per Common Share ²	\$0.732
Economic Leverage as of February 28, 2017 ³	28%

¹ 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.

² The distribution rate is not constant and is subject to change.

³ 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

	2/28/17	8/31/16	Change	High	Low
Market Price	\$14.74	\$13.70	7.59%	\$14.82	\$13.36
Net Asset Value	\$15.06	\$14.78	1.89%	\$15.08	\$14.76

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

Overview of the Fund's Total Investments

Portfolio Composition	2/28/17	8/31/16
Floating Rate Loan Interests	92%	93%
Corporate Bonds	6	4
Asset-Backed Securities	2	3
Common Stocks ⁴		4
Short-Term Securities		4
Other	5	6

⁴ Representing less than 1% of the Fund's total investments.

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⁵ Includes a less than 1% holding in each of the following investment types: Options Purchased, Other Interests, Preferred Securities, Rights and Warrants.

⁶ Includes a less than 1% holding in each of the following investment types: Investment Companies, Non-Agency Mortgage-Backed Securities, Options Purchased, Other Interests, Preferred Securities and Warrants.

Credit Quality Allocation^{7,8}	2/28/17	8/31/16
A ⁴		
BBB/Baa	9%	11%
BB/Ba	45	44
B	40	39
CCC/Caa	3	3
N/R	3	3

⁷ For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or 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.

⁸ Excludes Short-Term Securities.

Fund Summary as of February 28, 2017

BlackRock Limited Duration Income Trust

Fund Overview

BlackRock Limited Duration Income Trust's (BLW) (the Fund) investment objective is to provide current income and capital appreciation. The Fund seeks to achieve its investment objective by investing primarily in three distinct asset classes:

intermediate duration, investment grade corporate bonds, mortgage-related securities, asset-backed securities and U.S. Government and agency securities;

senior, secured floating rate loans made to corporate and other business entities; and

U.S. dollar-denominated securities of U.S. and non-U.S. issuers rated below investment grade at the time of investment or unrated and deemed by the investment adviser to be of comparable quality and, to a limited extent, non-U.S. dollar denominated securities of non-U.S. issuers rated below investment grade or unrated and deemed by the investment adviser to be of comparable quality.

The Fund's portfolio normally has an average portfolio duration of less than five years (including the effect of anticipated leverage), although it may be longer from time to time depending on market conditions. The Fund may invest directly in such 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 28, 2017 were as follows:

	Returns Based On	
	Market Price	NAV
BLW ^{1, 2}	6.64%	5.61%
Lipper High Yield Funds (Leveraged) ³	7.08%	7.59%

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

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

³ Average return.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles. The following discussion relates to the Fund's absolute performance based on NAV:

What factors influenced performance?

The largest contributors to the Fund's absolute performance over the period were its exposures to high yield corporate bonds, floating rate loans and asset-backed securities (ABS).

The largest detractors from the Fund's absolute performance over the period were its allocation to sovereign plus names, as well as its duration (sensitivity to interest rate movements) and yield curve positioning.

The Fund held derivatives during the period, including Treasury futures, currency forwards, options and credit default swaps. The derivatives were primarily used to adjust duration (sensitivity to interest rate movements) and yield curve exposure, and to manage credit risk. The Fund's derivative exposures had a positive impact on performance.

Describe recent portfolio activity.

Over the six-month period, the Fund kept its level of spread duration (sensitivity to changes in credit spreads) essentially unchanged, while rotating sector allocations to reflect the view that the economy is entering a reflationary period. The Fund's allocations to ABS and investment grade credit were reduced and rotated into emerging market debt, high yield corporates and commercial mortgage-backed securities (CMBS). In addition, agency collateralized mortgage obligations were added to the portfolio.

Describe portfolio positioning at period end.

At period end, the Fund maintained a diversified exposure to non-government spread sectors, including high yield corporates, senior loans, investment grade corporate credit, CMBS, and ABS, as well as agency and non-agency residential mortgage-backed securities. The Fund ended the period with a shorter duration stance and a yield curve flattening bias based on the view that the Fed would raise interest rates imminently.

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.

Fund Information

Symbol on NYSE	BLW
Initial Offering Date	July 30, 2003
Current Distribution Rate on Closing Market Price as of February 28, 2017 (\$15.98) ¹	6.53%
Current Monthly Distribution per Common Share ²	\$0.087
Current Annualized Distribution per Common Share ²	\$1.044
Economic Leverage as of February 28, 2017 ³	29%

¹ 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.

² The distribution rate is not constant and is subject to change.

³ Represents reverse repurchase agreements outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowing) 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

	2/28/17	8/31/16	Change	High	Low
Market Price	\$ 15.98	\$ 15.74	1.52%	\$ 15.98	\$ 14.75
Net Asset Value	\$ 16.93	\$ 16.84	0.53%	\$ 16.98	\$ 16.54

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

Overview of the Fund's Total Investments

Portfolio Composition	2/28/17	8/31/16
Corporate Bonds	46%	42%
Floating Rate Loan Interests	26	26
Asset-Backed Securities	9	10
Non-Agency Mortgage-Backed Securities	7	8
Preferred Securities	7	8
Foreign Agency Obligations	3	4
U.S. Government Sponsored Agency Securities	1	1
U.S. Treasury Obligations	1	1
Other	4	5

⁴ Includes a less than 1% holding in each of the following investment types: Common Stocks, Options Purchased, Options Written, Other Interests, Rights, Short-Term Securities and Warrants.

⁵ Includes a less than 1% holding in each of the following investment types: Common Stocks, Investment Companies, Options Purchased, Options Written, Other Interests, Short-Term Securities and Warrants.

Credit Quality Allocation^{6,7}	2/28/17	8/31/16
AAA/Aaa ⁸	4%	4%
AA/Aa	1	1
A	6	7
BBB/Baa	18	19
BB/Ba	34	32
B	28	25
CCC/Caa	5	4
N/R	4	8

⁶ For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or 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.

⁷ Excludes Options Purchased, Options Written and Short-Term Securities.

⁸ The investment adviser evaluates the credit quality of not-rated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors, individual investments and/or issuer. Using this approach, the investment adviser has deemed U.S. Government Sponsored Agency Securities and U.S. Treasury Obligations as AAA/Aaa.

The Benefits and Risks of Leveraging

The Funds may utilize leverage to seek to enhance the distribution rate on, and net asset value (NAV) of, their common shares (Common Shares). However, these objectives cannot be achieved in all interest rate environments.

In general, the concept of leveraging is based on the premise that the financing cost of leverage, which is based on short-term interest rates, is normally lower than the income earned by a Fund on its longer-term portfolio investments purchased with the proceeds from leverage. To the extent that the total assets of the Funds (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Funds' shareholders benefit from the incremental net income. The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV.

To illustrate these concepts, assume a Fund's capitalization is \$100 million and it utilizes leverage for an additional \$30 million, creating a total value of \$130 million available for investment in longer-term income securities. If prevailing short-term interest rates are 3% and longer-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, a Fund's financing costs on the \$30 million of proceeds obtained from leverage are based on the lower short-term interest rates. At the same time, the securities purchased by a Fund with the proceeds from leverage earn income based on longer-term interest rates. In this case, a Fund's financing cost of leverage is significantly lower than the income earned on a Fund's longer-term investments acquired from such leverage proceeds, and therefore the holders of Common Shares (Common Shareholders) are the beneficiaries of the incremental net income.

However, in order to benefit shareholders, the return on assets purchased with leverage proceeds must exceed the ongoing costs associated with the leverage. If interest and other costs of leverage exceed the Funds' return on assets purchased with leverage proceeds, income to shareholders is lower than if the Funds had not used leverage. Furthermore, the value of the [Fund s/Funds] portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the value of the Funds' obligations under their respective leverage arrangements generally does not fluctuate in relation to interest rates. As a result,

changes in interest rates can influence the Funds' NAVs positively or negatively. Changes in the future direction of interest rates are very difficult to predict accurately, and there is no assurance that the Funds' intended leveraging strategy will be successful.

The use of leverage also generally causes greater changes in each Fund's NAV, market price and dividend rates than comparable portfolios without leverage. In a declining market, leverage is likely to cause a greater decline in the NAV and market price of a Fund's shares than if the Fund were not leveraged. In addition, each Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause the Funds to incur losses. The use of leverage may limit a Fund's ability to invest in certain types of securities or use certain types of hedging strategies. Each Fund incurs expenses in connection with the use of leverage, all of which are borne by shareholders and may reduce income to the shareholders. Moreover, to the extent the calculation of the Funds' investment advisory fees includes assets purchased with the proceeds of leverage, the investment advisory fees payable to the Funds' investment adviser will be higher than if the Funds did not use leverage.

Each Fund may utilize leverage through a credit facility, or reverse repurchase agreements as described in the Notes to Financial Statements.

Under the Investment Company Act of 1940, as amended (the 1940 Act), the Funds are permitted to issue debt up to 3 $\frac{1}{3}$ % of their total managed assets. A Fund may voluntarily elect to limit its leverage to less than the maximum amount permitted under the 1940 Act. In addition, a Fund may also be subject to certain asset coverage, leverage or portfolio composition requirements imposed by its credit facility, which may be more stringent than those imposed by the 1940 Act.

If a Fund segregates or designates on its books and records cash or liquid assets having values not less than the value of a Fund's obligations under the reverse repurchase agreement (including accrued interest), then such transaction is not considered a senior security and is not subject to the foregoing limitations and requirements under the 1940 Act.

Derivative Financial Instruments

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The Funds may invest in various derivative financial instruments. These instruments are used to obtain exposure to a security, commodity, index, market, and/or other asset without owning or taking physical custody of securities, commodities and/or other referenced assets or to manage market, equity, credit, interest rate, foreign currency exchange rate, commodity and/or other risks. Derivative financial instruments may give rise to a form of economic leverage and involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the

transaction or illiquidity of the instrument. The Funds' successful use of a derivative financial instrument depends on the investment adviser's ability to predict pertinent market movements accurately, which cannot be assured. The use of these instruments may result in losses greater than if they had not been used, may limit the amount of appreciation a Fund can realize on an investment and/or may result in lower distributions paid to shareholders. The Funds' investments in these instruments, if any, are discussed in detail in the Notes to Financial Statements.

Schedule of Investments February 28, 2017 (Unaudited)

BlackRock Defined Opportunity Credit Trust (BHL)

(Percentages shown are based on Net Assets)

	Shares	Value
Common Stocks		
Specialty Retail 0.0%		
Things Remembered, Inc. (a)	215,057	
Total Common Stocks 0.0%		
	Par	
	(000)	
Asset-Backed Securities (b)(c)		
Asset-Backed Securities 1.2%		
ALM XIV Ltd., Series 2014-14A, Class C, 4.49%, 7/28/26	USD 463	\$ 460,553
ALM XVII Ltd., Series 2015-17A, Class C1, 5.17%, 1/15/28	250	250,849
Atrium CDO Corp., Series 9A, Class D, 4.55%, 2/28/24	250	250,624
Octagon Investment Partners XXI Ltd., Series 2014-1A, Class C, 4.69%, 11/14/26	250	249,502
Webster Park CLO Ltd., Series 2015-1A, Class B1, 4.13%, 1/20/27	250	251,643
Total Asset-Backed Securities 1.2%		1,463,171
Corporate Bonds		
Airlines 0.5%		
US Airways Pass-Through Trust, Series 2012-2, Class C, 5.45%, 6/03/18	590	603,275
Communications Equipment 0.2%		
Avaya, Inc., 7.00%, 4/01/19 (a)(b)(d)	301	240,047
Consumer Finance 0.1%		
Ally Financial, Inc., 8.00%, 11/01/31	50	61,500
Containers & Packaging 1.2%		
Ardagh Packaging Finance PLC/Ardagh Holdings USA, Inc. (b)(c):		
3.96%, 12/15/19	62	63,314
4.29%, 5/15/21	249	255,536
Reynolds Group Issuer, Inc., 4.52%, 7/15/21 (b)(c)	1,160	1,190,450
		1,509,300
Diversified Telecommunication Services 0.4%		
Level 3 Financing, Inc.:		
4.76%, 1/15/18 (c)	228	228,570
6.13%, 1/15/21	127	131,604
SBA Communications Corp., 4.88%, 9/01/24 (b)	75	74,617
		434,791
Electric Utilities 0.0%		
Texas Competitive Electric Holdings Co. LLC/TCEH Finance, Inc., 11.50%, 10/01/20 (b)(a)(d)	240	
Energy Equipment & Services 0.2%		
Transocean, Inc., 9.00%, 7/15/23 (b)	156	168,090
Weatherford International Ltd., 9.88%, 2/15/24 (b)	75	86,625
		254,715
	Par	
	(000)	
Corporate Bonds		Value
Environmental, Maintenance, & Security Service 0.1%		
Tervita Escrow Corp., 7.63%, 12/01/21 (b)	USD 115	\$ 120,175
Health Care Providers & Services 0.1%		
HCA, Inc., 5.25%, 6/15/26	50	52,813

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HealthSouth Corp., 5.75%, 11/01/24	75	76,500
RegionalCare Hospital Partners Holdings, Inc., 8.25%, 5/01/23 (b)	15	16,125
		145,438
Independent Power and Renewable Electricity Producers 0.3%		
NRG Energy, Inc., 6.25%, 7/15/22	340	345,950
Internet Software & Services 0.0%		
Equinix, Inc., 5.75%, 1/01/25	50	53,000
Media 1.1%		
Altice Financing SA, 6.63%, 2/15/23 (b)	200	210,500
Clear Channel Worldwide Holdings, Inc., Series B, 7.63%, 3/15/20	50	50,375
CSC Holdings LLC, 10.88%, 10/15/25 (b)	200	241,000
SFR Group SA (b):		
6.00%, 5/15/22	200	207,438
6.25%, 5/15/24	240	243,597
7.38%, 5/01/26	255	264,244
Virgin Media Secured Finance PLC, 5.25%, 1/15/26 (b)	200	202,250
		1,419,404
Metals & Mining 0.7%		
Freeport-McMoRan, Inc.:		
2.38%, 3/15/18	306	304,470
3.10%, 3/15/20	250	245,000
Teck Resources Ltd.:		
4.50%, 1/15/21	188	194,932
3.75%, 2/01/23	130	126,724
		871,126
Oil, Gas & Consumable Fuels 1.0%		
Cheniere Corpus Christi Holdings LLC, 7.00%, 6/30/24 (b)	155	173,600
CONSOL Energy, Inc., 5.88%, 4/15/22	376	366,600
Extraction Oil & Gas Holdings LLC/Extraction Finance Corp., 7.88%, 7/15/21 (b)	35	37,275
Great Western Petroleum LLC/Great Western Finance, Inc., 9.00%, 9/30/21 (b)	225	237,375
NGPL PipeCo LLC, 7.12%, 12/15/17 (b)	85	88,081
Noble Holding International Ltd., 7.75%, 1/15/24	210	204,225
Rowan Cos., Inc., 7.38%, 6/15/25	80	83,000
Sanchez Energy Corp., 6.13%, 1/15/23	57	54,720
		1,244,876
Road & Rail 0.1%		
Avis Budget Car Rental LLC/Avis Budget Finance, Inc., 3.80%, 12/01/17 (c)	68	68,000
Software 0.0%		
CDW LLC/CDW Finance Corp., 5.50%, 12/01/24	50	52,500
Wireless Telecommunication Services 0.0%		
Sprint Communications, Inc., 7.00%, 8/15/20	50	53,938
Total Corporate Bonds 6.0%		7,478,035

Portfolio Abbreviations

ABS Asset-Backed Security	ETF Exchange-Traded Fund	NZD New Zealand Dollar
AUD Australian Dollar	EUR Euro	OTC Over-the-Counter
BRL Brazilian Real	GBP British Pound	PIK Payment-In-Kind
CAD Canadian Dollar	JPY Japanese Yen	S&P Standard and Poor's
CHF Swiss Franc	LOC Letter of Credit	SEK Swedish Krona
CLO Collateralized Loan Obligation	NOK Norwegian Krone	USD U.S. Dollar
DIP Debtor-In-Possession		

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Defined Opportunity Credit Trust (BHL)

	Par	
	(000)	Value
Floating Rate Loan Interests (c)		
Aerospace & Defense 2.1%		
BE Aerospace, Inc., 2014 Term Loan B, 3.94%, 12/16/21	USD 507	\$ 508,639
Engility Corp.:		
Term Loan B1, 5.03%, 8/12/20	78	78,561
Term Loan B2, 4.53%, 8/12/23	143	144,561
TransDigm, Inc.:		
2015 Term Loan E, 3.78%, 5/14/22	216	217,139
2016 Extended Term Loan F, 3.78%, 6/09/23	1,403	1,409,439
Term Loan D, 4.00%, 6/04/21	257	258,225
		2,616,564
Air Freight & Logistics 0.8%		
CEVA Group PLC, Synthetic LOC, 6.50%, 3/19/21	133	115,626
CEVA Intercompany BV, Dutch Term Loan, 6.54%, 3/19/21	136	118,646
CEVA Logistics Canada ULC, Canadian Term Loan, 6.54%, 3/19/21	23	19,572
CEVA Logistics US Holdings, Inc., Term Loan, 6.54%, 3/19/21	185	160,496
XPO Logistics, Inc., Term Loan B2, 4.30%, 11/01/21	583	587,828
		1,002,168
Airlines 0.1%		
Northwest Airlines, Inc.:		
3.08%, 3/10/17	30	29,767
2.46%, 9/10/18	109	107,529
		137,296
Auto Components 0.6%		
Anchor Glass Container Corp., 2016 1st Lien Term Loan, 4.25%, 12/07/23	120	121,401
Gates Global LLC, Term Loan B, 4.25%, 7/06/21	483	483,397
Goodyear Tire & Rubber Co., 2nd Lien Term Loan, 3.78%, 4/30/19	133	133,333
		738,131
Automobiles 0.1%		
FCA US LLC, 2018 Term Loan B, 3.28%, 12/31/18	109	109,463
Biotechnology 0.1%		
AMAG Pharmaceuticals, Inc., 2015 1st Lien Term Loan, 4.75%, 8/13/21	183	182,355
Building Materials 1.0%		
USAGM HoldCo LLC:		
2015 2nd Lien Term Loan, 9.54%, 7/28/23	145	146,994
2015 Term Loan, 4.79%, 7/28/22	179	178,911
2016 Incremental Delayed Draw Term Loan, 5.50%, 7/28/22	97	97,687
2016 Incremental Term Loan, 5.50%, 7/28/22	799	804,141
		1,227,733
Building Products 2.8%		
Continental Building Products LLC, 2017 Term Loan B, 3.28%, 8/18/23	258	259,930
CPG International, Inc., Term Loan, 4.75%, 9/30/20	1,166	1,173,003
GYP Holdings III Corp., 1st Lien Term Loan, 4.54%, 4/01/21	345	346,872
Jeld-Wen, Inc., Term Loan B2, 4.75%, 7/01/22	403	405,231
Ply Gem Industries, Inc., Term Loan, 4.00%, 2/01/21	207	207,957
Quikrete Holdings, Inc., 2016 1st Lien Term Loan, 4.02%, 11/15/23	495	500,722
	Par	
Floating Rate Loan Interests (c)		
Building Products (continued)		
Wilsonart LLC, 2016 Term Loan, 4.50%, 12/19/23	USD 595	\$ 598,386
		3,492,101
Capital Markets 0.4%		

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Affinion Group, Inc., Term Loan B, 6.75%, 4/30/18	145	144,224
RPI Finance Trust, Term Loan B5, 3.50%, 10/14/22	308	311,877
		456,101
Chemicals 4.2%		
Allnex (Luxembourg) & Cy SCA, 2016 Term Loan B2, 5.29%, 9/13/23	97	97,559
Allnex USA, Inc., Term Loan B3, 5.29%, 9/13/23	73	73,500
Axalta Coating Systems US Holdings, Inc., Term Loan B1, 3.50%, 2/01/23	367	371,805
CeramTec Acquisition Corp., Term Loan B2, 4.30%, 8/30/20	26	26,214
Charter NEX US Holdings, Inc., Term Loan B, 5.25%, 2/07/22	249	249,180
Chemours Co., Term Loan B, 3.79%, 5/12/22	268	269,632
Evergreen Acqco 1 LP, Term Loan, 5.00%, 7/09/19	68	60,137
Huntsman International LLC, Term Loan B2, 3.78%, 4/01/23	500	505,219
Klockner-Pentaplast of America, Inc.:		
1st Lien Term Loan, 4.25%, 4/28/20	266	268,474
German Borrower, 4.25%, 4/28/20	114	114,732
MacDermid, Inc.:		
2016 Term Loan, 5.00%, 6/07/23	391	395,077
Term Loan B5, 4.50%, 6/07/20	424	428,664
OXEA Finance LLC, Term Loan B2, 4.25%, 1/15/20	716	707,537
PQ Corp., 2016 Term Loan, 5.29%, 11/04/22	312	316,818
Royal Holdings, Inc.:		
2015 2nd Lien Term Loan, 8.50%, 6/19/23	61	60,766
2017 Term Loan B, 4.25%, 6/30/22	256	257,621
Solenis International LP:		
1st Lien Term Loan, 4.30%, 7/31/21	343	344,224
2nd Lien Term Loan, 7.80%, 7/31/22	390	384,961
Tata Chemicals North America, Inc., Term Loan B, 3.75%, 8/07/20	105	105,329
Versum Materials, Inc., Term Loan, 3.50%, 9/29/23	214	217,010
		5,254,459
Commercial Services & Supplies 7.2%		
ADMI Corp., 2015 Term Loan B, 5.29%, 4/30/22	260	261,457
Advanced Disposal Services, Inc., Term Loan B3, 3.50%, 11/10/23	758	765,147
Asurion LLC:		
2016 Term Loan B2, 4.03%, 7/08/20	128	129,230
Term Loan B4, 4.25%, 8/04/22	441	446,645
Term Loan B5, 4.75%, 11/03/23	549	555,680
Brand Energy & Infrastructure Services, Inc., Term Loan B, 4.79%, 11/26/20	633	633,346
Camelot UK Holdco Ltd., Term Loan B, 4.75%, 10/03/23	833	842,108
Catalent Pharma Solutions, Inc., Term Loan B, 3.75%, 5/20/21	821	830,790
Dealer Tire LLC, 2016 Term Loan B, 4.75%, 12/22/21	211	214,600
Employbridge LLC, Exit Term Loan, 7.50%, 5/16/20	84	78,470
GCA Services Group, Inc., 2016 Term Loan, 5.99%, 3/01/23	423	427,376

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Defined Opportunity Credit Trust (BHL)

	Par		
	(000)	Value	
Floating Rate Loan Interests (c)			
Commercial Services & Supplies (continued)			
KAR Auction Services, Inc.:			
Term Loan B2, 4.19%, 3/11/21	USD 300	\$ 302,215	
Term Loan B3, 4.50%, 3/09/23	402	406,738	
Livingston International, Inc., 1st Lien Term Loan, 5.50%, 4/18/19	299	295,162	
Prime Security Services Borrower LLC, 2016 1st Lien Term Loan, 4.25%, 5/02/22	315	317,597	
PSSI Holdings LLC, Term Loan B, 4.75%, 12/02/21	368	373,029	
Spin Holdco, Inc., Term Loan B, 4.28%, 11/14/19	802	798,586	
TruGreen Limited Partnership, 1st Lien Term Loan B, 6.50%, 4/13/23	229	231,711	
US Ecology, Inc., Term Loan, 3.78%, 6/17/21	153	154,414	
US Security Associates Holdings, Inc., 2016 Term Loan, 6.00%, 7/14/23	479	483,935	
Waste Industries USA, Inc., 2016 Term Loan, 3.53%, 2/27/20	500	502,552	
		9,050,788	
Communications Equipment 0.8%			
Applied Systems, Inc.:			
1st Lien Term Loan, 4.00%, 1/25/21	210	211,482	
2nd Lien Term Loan, 7.50%, 1/24/22	84	84,702	
Avaya, Inc., Term Loan B7, 6.28%, 5/29/20 (a)(d)	56	44,753	
CommScope, Inc., Term Loan B5, 3.28%, 12/29/22	207	209,254	
Riverbed Technology, Inc., 2016 Term Loan, 4.25%, 4/24/22	441	444,358	
		994,549	
Construction & Engineering 1.0%			
CNT Holdings III Corp., 2017 Term Loan, 4.25%, 1/22/23	283	284,455	
Safway Group Holding LLC, Term Loan B, 5.75%, 8/19/23	768	777,676	
USIC Holdings, Inc., 2016 1st Lien Term Loan, 4.75%, 12/08/23	190	191,070	
		1,253,201	
Construction Materials 0.8%			
Filtration Group Corp., 1st Lien Term Loan, 4.30%, 11/21/20	791	797,345	
Headwaters, Inc., 2016 Term Loan B, 4.00%, 3/24/22	159	159,383	
McJunkin Red Man Corp., Term Loan, 5.00%, 11/08/19	79	79,417	
		1,036,145	
Containers & Packaging 2.1%			
Ardagh Holdings USA, Inc., Incremental Term Loan, 4.01%, 12/17/21	500	501,209	
Berlin Packaging LLC, 2014 1st Lien Term Loan, 4.50%, 10/01/21	70	70,384	
Berry Plastics Group, Inc., Term Loan I, 3.28%, 10/03/22	1,181	1,188,790	
BWAY Holding Co., 2016 Term Loan B, 4.75%, 8/14/23	849	848,802	
		2,609,185	
Distributors 0.8%			
American Builders & Contractors Supply Co., Inc., Term Loan B, 3.53%, 10/31/23	771	777,279	
American Tire Distributors Holdings, Inc., 2015 Term Loan, 5.25%, 9/01/21	214	212,559	
		989,838	
	Par		
	(000)	Value	
Floating Rate Loan Interests (c)			
Diversified Consumer Services 1.8%			
Bright Horizons Family Solutions, Inc., 2016 Term Loan B, 3.52%, 11/07/23	USD 699	\$ 706,533	
CT Technologies Intermediate Holdings, Inc., 1st Lien Term Loan, 5.25%, 12/01/21	270	255,349	
J.D. Power and Associates, 1st Lien Term Loan, 5.25%, 9/07/23	284	287,130	
Serta Simmons Holdings LLC, 2nd Lien Term Loan, 9.04%, 11/08/24	240	244,500	
ServiceMaster Co., 2016 Term Loan B, 3.28%, 11/08/23	440	444,400	
Weight Watchers International, Inc., Term Loan B2, 4.25%, 4/02/20	338	296,628	

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		2,234,540
Diversified Financial Services	0.8%	
AlixPartners LLP, 2016 Term Loan B, 4.00%, 7/28/22	430	433,564
Diamond US Holding LLC, Term Loan B, 4.75%, 12/17/21	221	221,327
SAM Finance Luxembourg Sarl, Term Loan, 4.25%, 12/17/20	382	384,733
		1,039,624
Diversified Telecommunication Services	2.4%	
Consolidated Communications, Inc.:		
2016 Term Loan B, 4.00%, 10/04/23	155	155,495
Term Loan B2, 4.00%, 10/05/23	105	105,600
Hawaiian Telcom Communications, Inc., Term Loan B, 5.29%, 6/06/19	508	507,643
Integra Telecom, Inc.:		
2015 1st Lien Term Loan, 5.29%, 8/14/20	502	501,868
2nd Lien Term Loan, 9.75%, 2/12/21	168	167,511
Telenet International Finance Sarl, Term Loan AF, 3.77%, 1/31/25	905	912,919
Virgin Media Investment Holdings Ltd., Term Loan I, 3.52%, 1/31/25	590	592,295
		2,943,331
Electric Utilities	1.9%	
Energy Future Intermediate Holding Co. LLC, 2016 DIP Term Loan, 4.30%, 6/30/17	1,425	1,428,681
TEX Operations Co. LLC:		
Exit Term Loan B, 3.53%, 8/04/23	614	617,171
Exit Term Loan C, 3.53%, 8/04/23	140	140,690
Texas Competitive Electric Holdings Co. LLC/TCEH Finance, Inc., Term Loan, 5.03%, 11/10/17 (a)(d)	380	
Vistra Operations Co. LLC, 2016 Term Loan B2, 4.02%, 12/14/23	170	170,983
		2,357,525
Electronic Equipment, Instruments & Components	0.1%	
CPI Acquisition, Inc., Term Loan B, 5.83%, 8/17/22	146	130,590
Food & Staples Retailing	3.2%	
Albertsons LLC:		
2016 Term Loan B4, 3.78%, 8/22/21	1,009	1,020,742
2016 Term Loan B5, 4.25%, 12/22/22		