

TDTT

FlexShares iBoxx 3-Year Target Duration TIPS Index Fund Analyst Report

The FlexShares iBoxx 3-Year Target Duration TIPS Index Fund (TDTT) offers exposure to short-term TIPS, bonds issued by the U.S. government that feature a principal that adjusts based on certain measures of inflation. TDTT can be useful as a tool for protecting portfolios against anticipated upticks in inflationary pressures. TDTT could be used, in moderate amounts, by buy-and-hold investors, or as a tactical play for those looking to shift into low-risk assets that may hold up well in inflationary environments.

TDTT generally won't deliver much in the way of current returns, given that it features securities that are relatively close to maturity and that exhibit minimal credit risk; it is more appropriate as a "risk off" tool for those anticipating chaos in the markets. It's important to note that TIPS are not perfect hedges against inflation; there are some potential drawbacks to using products such as TDTT to hedge against a climb in CPI. But for those looking to use inflation-protected bonds in that capacity, funds that buy shorter-dated TIPS might be a better choice than those that invest in longer-dated securities, like the iShares TIPS Bond ETF (TIP). By minimizing the interest rate risk, investors can cut back on loss potential if interest rates start climbing--a scenario that often accompanies an uptick in inflation.

FlexShares offers several variations on the theme, including the FlexShares iBoxx 5-Year Target Duration TIPS Index Fund (TDTF) and the FlexShares iBoxx 7-Year Duration TIPS Index Fund (TDT5). There are plenty of good TIPS options available on the ETF market. Investors can compare TDTT to SPDR Bloomberg Barclays 1-10 Year TIPS ETF (TIPX), iShares 0-5 Year TIPS Bond ETF (STIP), or Vanguard Short-Term Inflation-Protected Securities ETF (VTIP).

ESG Themes and Scores

5.78/10	31.32%	74.44%
ESG Rate	Global Percentile	Peer Percentile

Performance Data

	TDTT	ETF Database Category Average	Factset Segment Average
1 Month	1.39%	1.34%	1.64%
3 Month	2.62%	2.87%	3.13%
YTD Return	6.55%	6.57%	7.02%
1 Year Return	6.55%	4.50%	5.51%
3 Year Return	3.64%	1.90%	0.86%
5 Year Return	3.40%	1.61%	0.75%

Top 5 Holdings

Symbol	Holding	% Assets
Other	Government of the United States of America 0.75% 15-	12.02%
Other	Government of the United States of America 2.375% 15-	11.88%
Other	Government of the United States of America 1.25% 15-	11.10%
Other	United States Treasury Bond 2.5% 15-JAN-2029	5.72%
Other	Government of the United States of America 1.625% 15-	3.77%

Vitals

Issuer	Northern Trust
Brand	FlexShares
Structure	ETF
Expense Ratio	0.18%
Inception	Sep 19, 2011
Index Tracked	iBoxx 3-Year Target Duration TIPS

ETF Database Themes

Category	Inflation-Protected Bonds
Asset Class	Bond
Asset Class Size	N/A
Asset Class Style	N/A
Region (General)	North America
Region (Specific)	U.S.

FactSet Classifications

Segment	Fixed Income: U.S. - Government, Inflation-linked Investment Grade Intermediate
Category	Government, Inflation-linked
Focus	Investment Grade
Niche	Intermediate
Strategy	Target Duration
Weighting	Duration

