

HYZD

WisdomTree Interest Rate Hedged High Yield Bond Fund

Fund Description

HYZD tracks a long/short net-zero duration bond index that's long US high-yield issues and short Treasury futures.

FactSet Analyst Report

HYZD is one of several interest-rate-hedged bond funds indexed and offered by WisdomTree. The fund screens corporate bonds for favorable cash flow, income and valuation. Issues with a higher probability of default relative to other bonds in its sector are also removed. HYZD offers very similar high-yield exposure as PIMCOs HYS, but with an interest-rate-hedge overlay. The fund shorts Treasury futures to achieve a net-zero portfolio duration. The portfolio theoretically captures only the credit spread without duration risk. However, a nonparallel shift in yield curve may undermine precise hedging. HYZD might appeal to investors who want pure credit exposure but are uncertain about interest-rate paths. Prior to May 29, 2020, the fund sought to track the ICE BofA Merrill Lynch 0-5 Year US High Yield Constrained, Zero Duration Index.