

SHAG

WisdomTree Yield Enhanced U.S. Short-Term Aggregate Bond Fund

Fund Description

SHAG tracks an index of USD-denominated investment-grade securities with maturities of less than five years. The index consists of 13 subcomponents weighted for yield-to-worst.

FactSet Analyst Report

SHAG tracks an index designed to boost yield in the short-term bond space. The fund draws from the Bloomberg U.S. Aggregate Index (Agg), and shifts exposures to sector, interest rate risk, and credit risk to increase yield. SHAG's index deconstructs the Agg into 13 buckets based on sector, credit quality, and maturity. Securities are limited to 1-5 years to maturity to minimize risk. After separating them into market-value-weighted buckets, the index applies an optimization algorithm to determine the allocation to each bucket and applies constraints to ensure the index retains the risk profile of the 1-5 year bond universe. The constraints include technical and fundamental factors, such as tracking error, duration, sector weights, and turnover limits. SHAG puts a twist on the short-term investment-grade space, and is geared towards investors seeking greater yield than a typical short-term bond fund with less interest-rate risk than an all-maturity bond fund.

