

VBND

Vident U.S. Bond Strategy ETF

Fund Description

VBND tracks a multi-factor-weighted USD bond index that is based on sector tail risk, security valuation, and issuer corporate governance.

FactSet Analyst Report

VBND uses a complex multi-factor selection and weighting scheme that differs vastly from a market value-weighted approach. The fund employs a top-down strategy to allocate across a broad range of sectors using a variety of factors, including relative valuation, sector default rates, and macro inputs. Corporate issuers of any credit rating are screened for good governance and creditworthiness. High-yield bonds are capped at 20% and TIPS sectors at 15%. Bonds are weighted within each sector using another set of factors: yield, duration yield, credit risk, etc. The fund lands in the intermediate maturity segment due to a duration target of three to seven years. Overall, the fund delivers alternative exposure to the broad intermediate bond market. The index is rebalanced monthly and reconstituted quarterly. On Jan. 6, 2016, VBND ceased tracking the Vident Core U.S. Bond Index and used a slightly different index thereafter. Prior to Dec. 31, 2022, the fund was named Vident Core U.S. Bond Strategy ETF.

