A Core Fixed Income Solution That Is Built to Last

Published July 9, 2025

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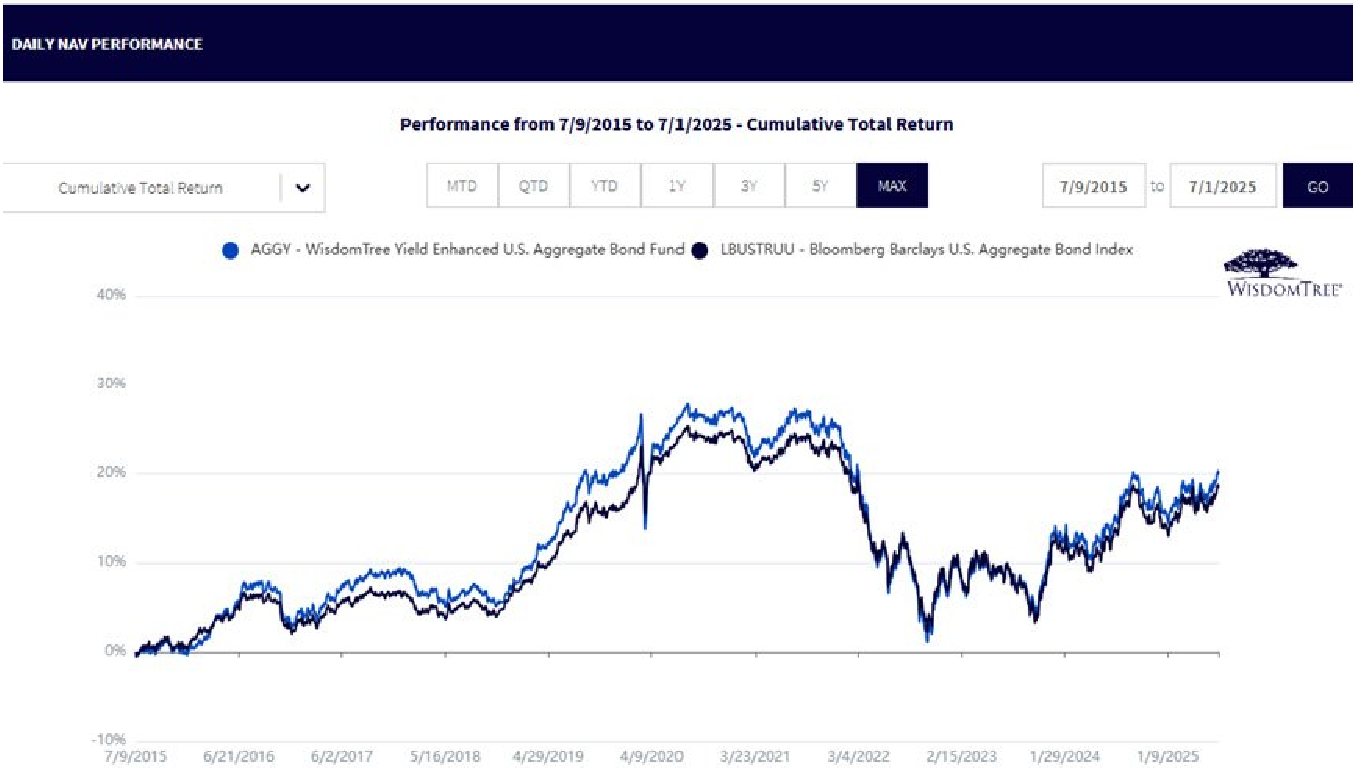
Key Takeaways

- Celebrating its 10-year anniversary in 2025, the WisdomTree Yield Enhanced U.S. Aggregate Bond Fund (AGGY) has proven to be a compelling core bond solution, outperforming the Bloomberg U.S. Aggregate Bond Index (Agg) by 1.6% since inception.
- Over the past three years, spanning both rising and falling rate environments, AGGY outperformed the Agg by approximately 2%, showcasing resilience across various interest rate cycles.
- With a slightly higher yield and somewhat similar duration to the Agg, AGGY offers a yield-enhanced, rules-based strategy that maintains familiar risk characteristics for core fixed income investors.

With interest rates returning to more normal historical readings, fixed income investors have been searching for solutions to include in their bond portfolios. Our focus has been not to overreach in terms of adding longer-duration vehicles to the mix, but rather to utilize investment-grade core strategies that are designed to focus on both income and performance over a broader time horizon. In other words, a core fixed income solution that is “built to last” and stands the test of time.

In my opinion, the WisdomTree Yield Enhanced U.S. Aggregate Bond Fund (AGGY) achieves the afore-mentioned investment goals and is celebrating its 10-year anniversary as a “modern alpha” solution for bond investors. For those who may not be that familiar with AGGY, the Fund applies a rules-based approach that reweights the subcomponents of the Bloomberg U.S. Aggregate Bond Index (Agg) to enhance yield, while broadly maintaining familiar risk characteristics.

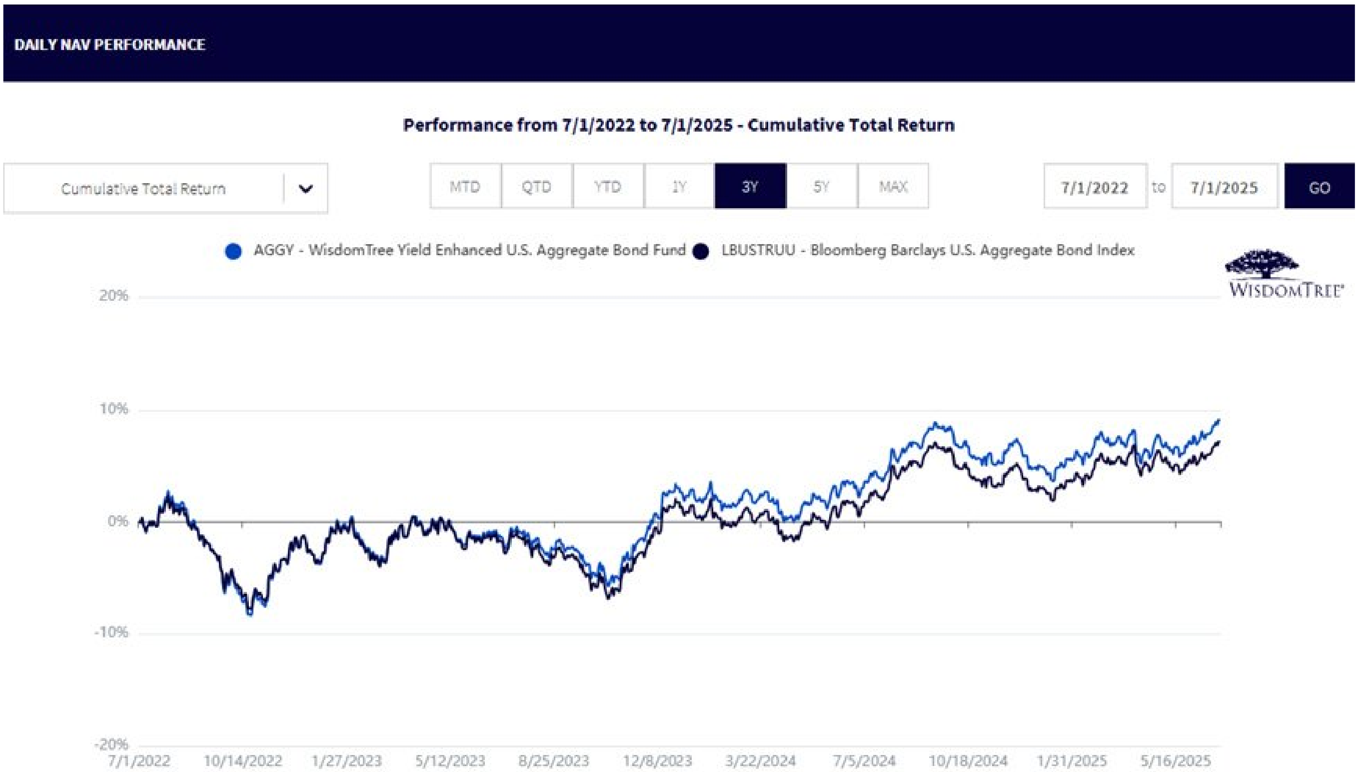
Performance—The Long Run Investment Horizon



Source: WisdomTree, as of 7/2/25. **You cannot invest directly in an index.**

- Typically, when building a bond portfolio, one begins with a core building block whose weighting can fluctuate depending upon shifting market outlooks (barbell strategy) but remains an integral part of the allocation process.
- Over the past decade, investors have seen a wide array of very different interest rate scenarios and can observe how different approaches to core fixed income have responded over a more strategic time horizon.
- Performance is usually measured against the Agg, and in terms of AGGY, the Fund has outperformed the benchmark by +1.6% since inception.

Performance—The “Normal” Rate Setting



Source: WisdomTree, as of 7/2/25. **You cannot invest directly in an index.**

- Over the last three years, investors have experienced the Fed raising rates from abnormally low levels to the beginnings of the current rate cut cycle.
- These two distinct monetary policy cycles brought interest rates back to more historical norms and offer a glimpse of the yield readings investors should more likely witness going forward and how core fixed income performed during this three-year period.
- Over this three-year timeframe, AGGY outperformed the Agg by roughly +2%.

Key Comparisons

- In terms of yield, AGGY's average yield to maturity, as of July 1, 2025, was 4.78%, or almost 25 basis points higher than the Agg.
- From a duration perspective, the numbers are somewhat similar, with AGGY at about 6.6 years and the Agg at more than 6.1 years, as of July 1, 2025.

Conclusion

In recent years, fixed income investors have witnessed a plethora of new bond funds hit the market. When building a bond portfolio, we recommend beginning with a core solution that has been built to last: AGGY.

Important Risks Related to this Article

There are risks associated with investing, including the possible loss of principal. Fixed income investments are subject to interest rate risk; their value will normally decline as interest rates rise. Fixed income investments are also subject to credit risk, the risk that the issuer of a bond will fail to pay interest and principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Investing in mortgage- and asset-backed securities involves interest rate, credit, valuation, extension and liquidity risks and the risk that payments on the underlying assets are delayed, prepaid, subordinated or defaulted on. Due to the investment strategy of the Fund, it may make higher capital gain distributions than other ETFs. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.