How WTIP's Adaptive Framework Has Delivered in Its First Year

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Key Takeaways

- The WisdomTree Inflation Plus ETF (WTIP) outperformed the Bloomberg Commodity Index by 5.83 percentage points in its first year, highlighting the value of its adaptive, rules-based inflation strategy.
- By combining long-short commodities, TIPS, precious metals and bitcoin exposure, WTIP is designed to address multiple sources of inflation risk rather than relying on a single hedge.
- With inflation and commodity leadership continuing to evolve, WTIP offers investors a flexible, diversified approach to inflation protection.

The WisdomTree Inflation Plus Fund (WTIP) was built around a simple observation: inflation is not a single risk.

Some inflationary periods are driven by energy shocks. Others stem from supply-chain disruptions, fiscal stimulus, labor shortages or monetary debasement concerns. As a result, relying on a single inflation hedge may leave investors exposed when inflation evolves in unexpected ways.

WTIP was designed as a holistic inflation solution that combines multiple sources of inflation protection within a single ETF.

Solving for Expected and Unexpected Inflation

Commodities are often among the first asset classes to respond when inflation surprises to the upside. As the raw materials that underpin the global economy, higher prices for energy, industrial metals and agricultural commodities frequently feed directly into consumer prices. Historically, this has made commodities one of the most effective tools for helping investors navigate unexpected inflation.

WTIP places commodities at the heart of its investment strategy through a dynamic, rules-based commodity allocation. Rather than maintaining static exposures like traditional commodity benchmarks, the strategy systematically adjusts its commodity positioning to seek opportunities across changing market environments.

To complement its commodity exposure, WTIP also invests in Treasury Inflation-Protected Securities (TIPS), which have historically helped preserve purchasing power by adjusting principal values with changes in inflation. While commodities are designed to respond quickly to inflation shocks, TIPS can help protect against expected inflation over time.

By combining a dynamic commodity strategy with TIPS in a capital-efficient structure, WTIP seeks to provide investors with a more comprehensive inflation toolkit—one that addresses both unexpected inflation surprises and longer-term inflation expectations.

An Adaptive Commodity Long-Short Strategy

Unlike traditional commodity benchmarks that maintain static long-only exposures, WTIP employs a systematic long-short commodity framework driven by a proprietary momentum model.

The strategy evaluates 18 commodities across multiple sectors, including energy, industrial metals, grains, precious metals and soft commodities. Positioning is adjusted based on market trends, with the ability to establish both long and short exposures depending on the prevailing environment.

This flexibility is designed to help the strategy navigate periods when commodity leadership shifts and when certain sectors face prolonged weakness.

Rather than simply owning commodities, the strategy seeks to own commodities that are working while reducing exposure to those that are not.

WTIP also maintains strategic exposure to gold and silver. Historically, precious metals have served as stores of value during periods of monetary uncertainty, rising inflation expectations and declining confidence in fiat currencies. Their role within the portfolio complements the cyclical inflation sensitivity of broader commodity markets.

The strategy may allocate up to 5% to bitcoin exposure through exchange-traded products. While still an emerging asset class, bitcoin has increasingly been viewed by some investors as a digital store of value and a potential hedge against long-term currency debasement risks.

Figure 1: WTIP Commodity Allocation Framework

		Commodities Considered			
		Energy	Industrial Metals	Grains	Softs
80% Momentum based Exposures	Long (+)	WTI Crude	Copper	SRW Wheat	Sugar
	Flat (0)	Brent Crude	Aluminum	HRW Wheat	
	Short (-)	Heating Oil	Lead	Corn	
		Gas Oil	Nickel		
		RBOB Gasoline	Tin		
		Natural Gas	Zinc		
15% Structural Long Positions	Long (+)	Gold			
	Long (+)	Silver			
Up to 5%	Long (+)	Bitcoin			
	Flat (0)				

Source: WisdomTree. The Fund will not invest in bitcoin directly.

A Differentiated Source of Returns

One of WTIP's distinguishing characteristics is its ability to provide a differentiated source of returns within a diversified portfolio. As shown in Figure 2, the WisdomTree Inflation Plus Model has historically exhibited low correlations with traditional asset classes, including equities (-0.09), fixed income (0.15) and even broad commodities (0.07). This reflects the strategy's differentiated construction, which combines a dynamic commodity allocation with complementary exposures in a capital-efficient framework.

Figure 2: Correlation of the WTIP with Traditional Asset Classes

	WT Inflation Plus Model	Equities	Fixed Income	Commodities
WT Inflation Plus Model	1.00			
Equities	-0.09	1.00		
Fixed Income	0.15	0.12	1.00	
Commodities	0.07	0.43	0.15	1.00

Source: WisdomTree, FactSet. From 1 Nov 2005 to 31 May 2026. Based on backtested performance. **Past performance is not indicative of future results.** Equities are referenced by MSCI World Total Returns Index, Fixed income is referenced by Bloomberg Global Aggregate Total Returns Index, Commoditiesare referenced by Bloomberg Commodity Total Return Index.

Conclusion

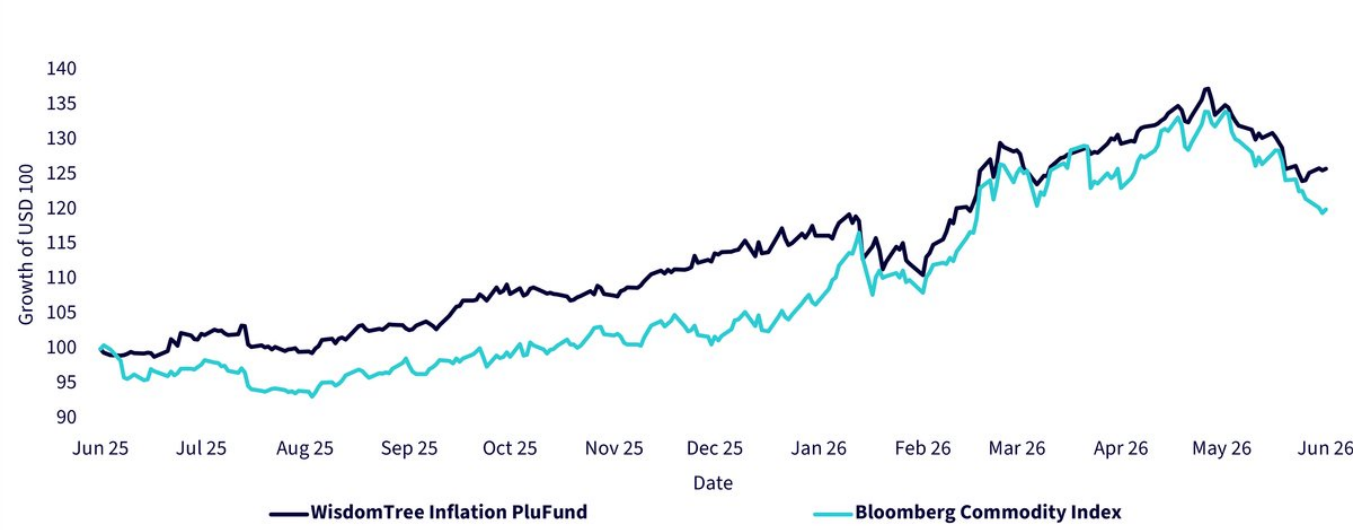
One year after its launch, WTIP has demonstrated the value of a holistic and adaptive approach to inflation investing. Since its inception on June 18, 2025, through June 17, 2026, the fund has returned **25.89%,** outperforming the **Bloomberg Commodity Index's (BCOM) 20.06%** return by **5.83 percentage points**. While one year is only an initial observation, the results illustrate how a dynamic investment process can add value over traditional, static commodity exposures.

The ETF saw major gains versus BCOM (long only) in the months of June and July 2025, with short or flat positions in most commodities, with the exception of tin, copper and natural gas, while maintaining strategic long positions in gold and silver. Aggregate net exposure of the model was -9% for 2025, helping the strategy outperform BCOM by more than 11% for the calendar year. The bitcoin momentum model was successful in protecting against the sharp fall in crypto assets, reducing net exposure to under 60% (of the 5% allocation) over the one-year period, importantly reducing exposure in months experiencing the sharpest falls from Oct 2025 to April 2026.

Looking ahead, the investment landscape remains characterized by persistent inflation uncertainty, evolving geopolitical risks and shifting commodity market leadership. In such an environment, investors may benefit from moving beyond conventional commodity allocations toward strategies that can adapt as market conditions change.

WTIP was designed with this objective in mind. By combining a dynamic long-short commodity strategy with complementary exposures to TIPS, precious metals and bitcoin exposure, the fund seeks to provide a more comprehensive approach to inflation protection while also serving as a differentiated source of portfolio returns. As its first year has shown, adapting to changing market dynamics can be just as important as maintaining exposure to the asset class itself.

Figure 3: Performance Comparison



Source: Bloomberg. From 18 June 2025 (WTIP inception) to 17 June 2026. **Past performance is not indicative of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end and standardized performance, click here.**

Important Risks Related to this Article

There are risks associated with investing including possible loss of principal. Inflation-protected U.S. Treasury Bonds (“TIPS”), can provide a hedge against inflation, as the inflation adjustment feature helps preserve the purchasing power of the investment. Because of this inflation adjustment feature, inflation protected bonds typically have lower yields than conventional fixed rate bonds and will likely decline in price during periods of deflation, which could result in losses. Fixed income securities are subject to interest rate, credit, inflation, and reinvestment risks. Generally, as interest rates rise, the value of fixed-income securities falls.

The value of commodities and commodity-linked derivative instruments typically is based upon the price movements in other asset classes. An active trading market may not exist for certain commodities. The Fund is subject to risks related to rolling futures contracts. The price of futures contracts further from expiration may be higher (“contango”) or lower (“backwardation”), which can impact the Fund’s returns. Because of the frequency with which the Fund expects to roll futures contracts, the impact of such contango or backwardation may be greater than the impact would be if the Fund experienced less portfolio turnover.

In addition, bitcoin exchange-traded products (ETPs) and bitcoin futures are relatively new and the markets may be less developed. They are subject to unique and substantial risks, and historically, have been subject to significant price volatility. As a result, the markets for bitcoin futures and bitcoin ETPs may be less developed, and at times, potentially less liquid and more volatile, than more established commodity futures and ETP markets. While the bitcoin futures market has grown substantially since bitcoin futures commenced trading, there can be no assurance that this growth will continue.

The Fund may invest in the WisdomTree Bitcoin Fund, a bitcoin exchange traded product, sponsored by an affiliate of the Fund’s adviser. **The Fund will not invest in bitcoin directly**. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.