

Navigating Inflation with WisdomTree Inflation Plus Fund: A Closer Look

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Key Takeaways

- In today's environment where inflation uncertainty is rampant, the [WisdomTree Inflation Plus Fund \(WTIP\)](#) offers a timely, multi-asset strategy combining TIPS, commodity futures, precious metals and Bitcoin to provide forward-looking inflation protection.
- [WTIP's](#) capital-efficient structure and momentum-driven commodity strategy help enhance return potential and diversification, outperforming major benchmarks in its first month since launch.
- For fixed income investors, [WTIP](#) offers a differentiated way to hedge inflation while gaining controlled exposure to non-traditional assets like Bitcoin within a liquid ETF format.

In today's environment of ongoing inflation and policy uncertainty, traditional inflation hedges are being put to the test. That's where the newly launched [WisdomTree Inflation Plus Fund \(WTIP\)](#) comes in. As my colleagues outlined in an earlier post, "[Introducing the WisdomTree Inflation Plus Fund: A Holistic and Adaptive Inflation Hedge](#)," [WTIP](#) is built to offer flexible, forward-looking inflation protection by combining proven strategies with more innovative ones. Its goal is to help investors weather a range of inflationary scenarios, both expected and unexpected, while aiming to preserve purchasing power, maintain diversification and support strong risk-adjusted returns. In this post, we'll take a closer look at how [WTIP](#) is structured, why it stands out as a comprehensive inflation hedge and how it may fit within a fixed income investor's broader portfolio.

A Holistic Approach to Inflation Protection

[WTIP](#) takes a thoughtful, multi-asset approach to tackling inflation risk. At the heart of the strategy are two key building blocks: TIPS and commodity futures. TIPS help protect against expected inflation, with payments that adjust based on changes in the Consumer Price Index (CPI). To round that out, the Fund also includes exposure to commodity futures, an asset class that's historically helped during unexpected inflation spikes, like those caused by supply chain disruptions or sudden economic shifts. By combining these two elements, [WTIP](#) aims to offer a more complete and flexible inflation hedge than strategies that rely on just one type of asset.

Beyond its core holdings, [WTIP](#) includes some smart structural features that help it work harder for investors. By layering commodity futures on top of a TIPS portfolio, the Fund takes a capital-efficient

approach, giving exposure to both asset classes without needing extra capital. This setup helps increase return potential relative to the capital invested.

Instead of sticking with a traditional long-only commodity strategy, **WTIP** uses a rules-based, multi-factor approach. About 80% of the commodity allocation is actively managed through long and short positions, guided by momentum signals. This lets the portfolio adjust in real time to shifting market trends and economic regimes. On top of that, 15% is allocated to long-only positions in gold and silver, 7.5% each, providing a stable anchor in assets that have historically held up well during inflationary periods.

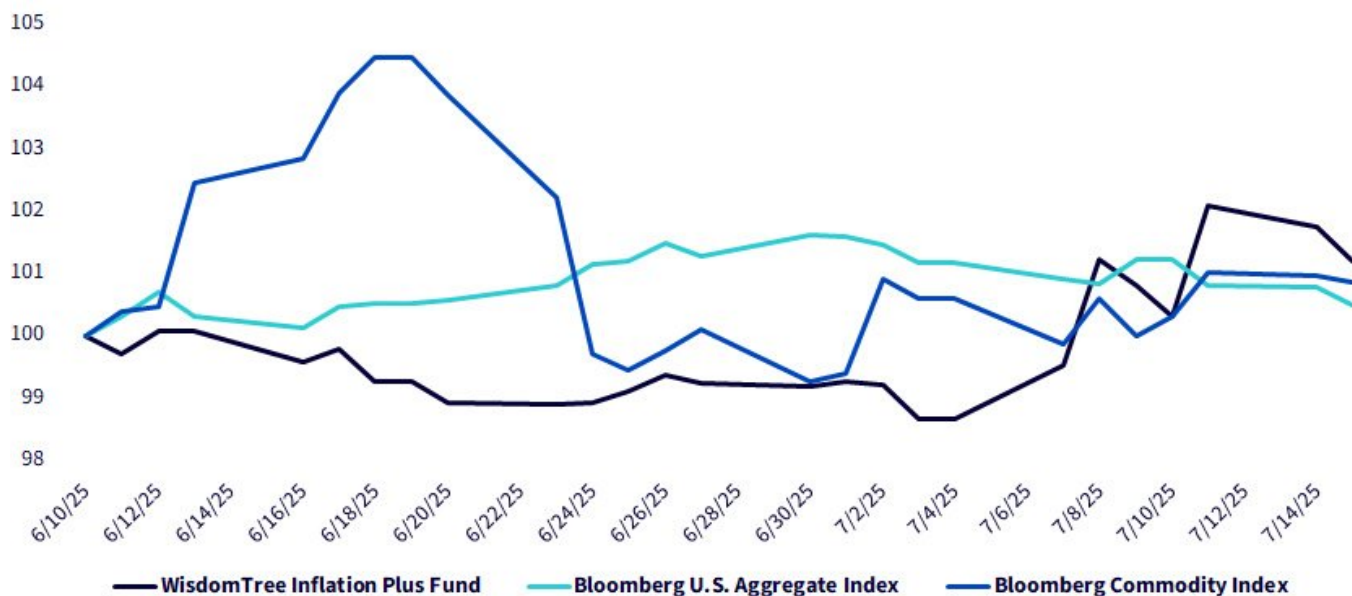
To further diversify and tap into non-traditional inflation hedges, **WTIP** can allocate up to 5% of its portfolio to Bitcoin Exchange Traded Products (ETPs), guided by a risk-aware, momentum-based model. Bitcoin is increasingly viewed as a potential hedge against monetary debasement and the erosion of fiat currency value. This allocation offers institutions a thoughtful and controlled way to gain exposure to digital assets within a structured investment framework.

In terms of portfolio composition, for every \$100 invested, about \$85 goes into TIPS, \$10 into short-term collateral (cash), and \$5–\$10 into Bitcoin ETPs. On top of that, another \$95 in exposure comes from a diversified basket of commodity futures, layered over the core holdings. Altogether, this creates a total economic exposure of around \$195, combining diversified sources of potential return with inflation protection, all packaged in a liquid, transparent ETF format.

Performance since Inception

The Fund's distinctive multi-asset approach, especially its allocation to Bitcoin ETPs, has been a key driver of performance in the first month since launch. **WTIP** has outperformed both the Bloomberg U.S. Aggregate Index and the Bloomberg Commodity Index by 72 and 35 basis points, respectively.

Figure 1: Growth of \$100

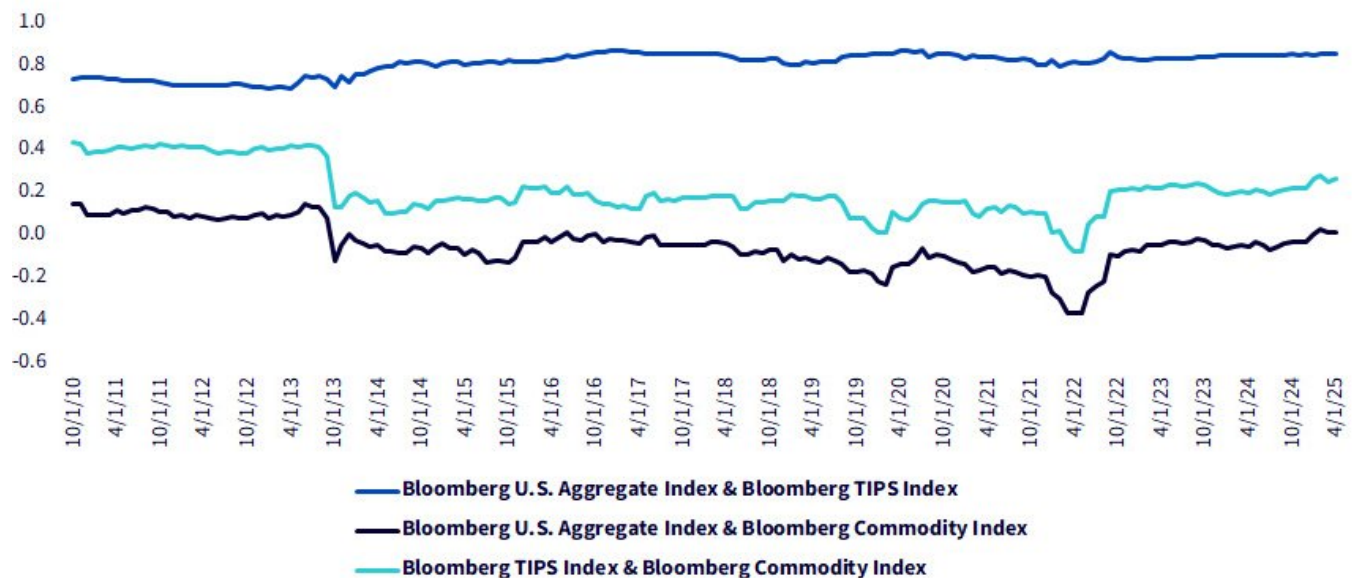


Source: WisdomTree, Bloomberg, as of 7/15/25. You cannot directly invest in an index. **The performance data quoted represents past performance and is not indicative of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may 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 and to download the respective Fund prospectuses, click [here](#).**

Integrating WTIP into a Fixed Income Portfolio

For fixed income investors, [WTIP](#) offers more than just inflation protection. Its multi-asset design: blending TIPS, commodities, precious metals and Bitcoin aims to deliver a broad inflation hedge, while also enhancing diversification and risk-adjusted return potential compared to a traditional fixed income-only portfolio. Commodities, for instance, have historically shown low correlation with both the Bloomberg U.S. Aggregate Index and TIPS, making them a valuable addition for investors looking to diversify their portfolio even more.

Figure 2: 5-Year Rolling Correlation



Source: WisdomTree, Bloomberg, as of 6/30/25. **You cannot directly invest in an index.**

Also, as mentioned earlier, adding Bitcoin brings a valuable layer of diversification to the Fund. Bitcoin is gaining traction as a potential store of value, and its price behavior, especially after "Liberation Day," has shown how it can move independently from traditional bonds and stocks. For institutions looking to explore digital assets in a thoughtful, risk-managed way, [WTIP](#) offers a practical and well-structured entry point.

A Next-Generation Solution for Prudent Investors

In conclusion, the [WisdomTree Inflation Plus Fund \(WTIP\)](#) marks a meaningful step forward in how fixed income investors can approach inflation protection. It goes beyond traditional strategies by offering a modern, factor-driven, multi-asset approach. By combining TIPS with dynamic exposure to commodities, and long-term stores of value like gold, silver and Bitcoin, [WTIP](#) is built to navigate a wide range of inflation scenarios.

For prudent investors, [WTIP](#) can be more than just an inflation hedge. It can also be a valuable portfolio diversifier. With its systematic approach to capturing upside and managing downside, through momentum signals and roll optimization, alongside its diversified design, it stands out as a flexible and forward-looking tool for today's evolving macro environment.

Important Risks Related to this Article

There are risks associated with investing, including the possible loss of principal. 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 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. Generally, derivatives are sophisticated investments that may pose risks that are different from or greater than those posed by investing directly in the underlying reference asset. 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. An investment in bitcoin ETPs involves significant risks and may not be suitable for all shareholders. Extreme volatility of trading prices that many digital assets, including bitcoin, could have a material adverse effect on the value of the Shares and the Shares could lose all or substantially all of their value. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

The Fund does not invest in Bitcoin directly.

There are risks associated with investing, including the possible loss of principal. Crypto assets, such as bitcoin and ether, are complex, generally exhibit extreme price volatility and unpredictability, and should be viewed as highly speculative assets.

Crypto assets are frequently referred to as crypto "currencies," but they typically operate without central authority or banks, are not backed by any government or issuing entity (i.e., no right of recourse), have no government or insurance protections, are not legal tender and have limited or no usability as compared to fiat currencies. Federal, state or foreign governments may restrict the use, transfer, exchange and value of crypto assets, and regulation in the U.S. and worldwide is still developing.

Crypto asset exchanges and/or settlement facilities may stop operating, permanently shut down or experience issues due to security breaches, fraud, insolvency, market manipulation, market surveillance, KYC/AML (know your customer / Anti-Money Laundering) procedures, non-compliance with applicable rules and regulations, technical glitches, hackers, malware or other reasons, which could negatively impact the price of any cryptocurrency traded on such exchanges or reliant on a settlement facility or otherwise may prevent access or use of the crypto asset.

Crypto assets can experience unique events, such as forks or airdrops, which can impact the value and functionality of the crypto asset. Crypto asset transactions are generally irreversible,

which means that a crypto asset may be unrecoverable in instances where: (i) it is sent to an incorrect address, (ii) the incorrect amount is sent, or (iii) transactions are made fraudulently from an account. A crypto asset may decline in popularity, acceptance or use, thereby impairing its price, and the price of a crypto asset may also be impacted by the transactions of a small number of holders of such crypto asset. Crypto assets may be difficult to value and valuations, even for the same crypto asset, may differ significantly by pricing source or otherwise be suspect due to market fragmentation, illiquidity, volatility and the potential for manipulation.

Crypto assets generally rely on blockchain technology and blockchain technology is a relatively new and untested technology which operates as a distributed ledger. Blockchain systems could be subject to internet connectivity disruptions, consensus failures or cybersecurity attacks, and the date or time that you initiate a transaction may be different then when it is recorded on the blockchain. Access to a given blockchain requires an individualized key, which, if compromised, could result in loss due to theft, destruction or inaccessibility. In addition, different crypto assets exhibit different characteristics, use cases and risk profiles.

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