

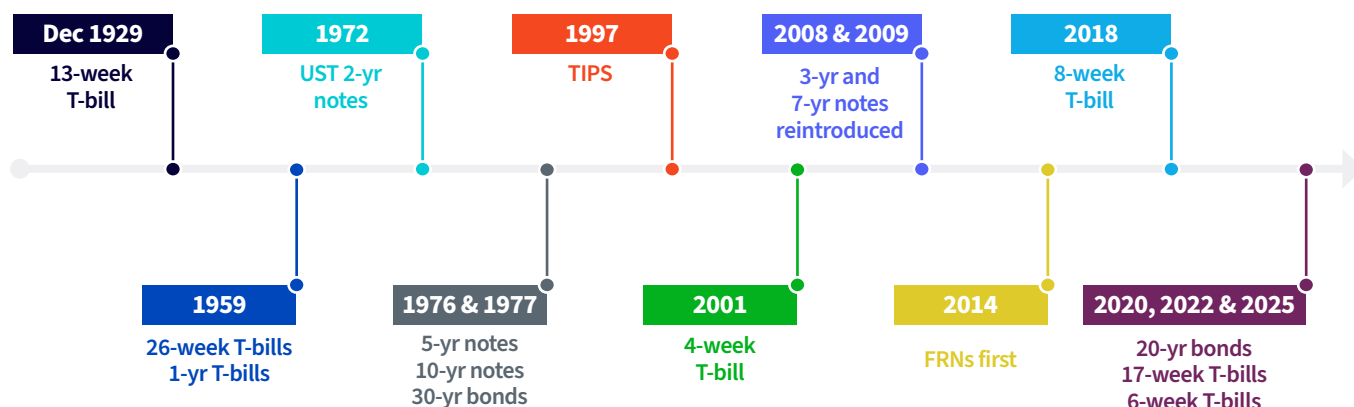
Let Uncle Sam Provide You With Fixed Income Solutions

With nearly \$30.0 trillion in marketable public debt outstanding, Treasury securities (UST) are viewed as the most liquid asset class in the fixed income universe, offering money and bond market investors a high-quality solution, with a variety of different investment aspects. With interest rates returning to more normal levels and elevated bond market volatility, it is important to understand the dynamics behind the different Treasury securities available in order to make an educated decision for your bond portfolio. Let's take a quick lesson on the UST market.

What Are The Different Types Of Securities Offered?

- Certainly, a workhorse for the nation's debt managers, the T-bill sector makes up roughly \$6.4 trillion, or about 22%, of the total marketable amount outstanding. T-bills are regularly offered in a variety of different maturities, with the 3-, 6- and 12-month issues being some of the oldest Treasury offerings. Oftentimes, Treasury will also issue cash management bills (CMBs) to bridge potential gaps in their overall financing needs.
- Treasury notes come in maturities between one and 10 years and represent the largest grouping at over \$15.0 trillion, or 52% of the overall amount.
- Treasury bonds are offered in maturities over 10 years, consisting of both 20- and 30-year issues. The amount outstanding here is \$5.1 trillion, or nearly 17% of the total.
- Combined, T-bills, notes and bonds make up more than 90% of total marketable debt outstanding.
- Treasury Inflation-Protected Securities (TIPS) were added to the lineup in January 1997. TIPS are currently offered in 5-, 10- and 30-year maturities and total almost \$2.1 trillion.
- The newest Treasury note is the 2-year floating rate note (FRN), which was first offered in January 2014. These securities are auctioned on a monthly basis and have grown to a total of over \$690 billion.

UST Timeline to Market



Traditional Strategies Using Treasuries

- Since U.S. Treasuries (UST) are backed by the full faith and credit of the United States government, they are viewed as having the least amount of credit risk in the fixed income universe.
- With credit risk essentially being removed from investment considerations, investors turn to Treasuries as a means of a more 'pure play' on the direction of interest rates and attendant duration.
- Investors who are looking for investments that are tied directly to Fed monetary policy and offer highly liquid options oftentimes turn to T-bills.
- Another ultra-short duration strategy, which has seen tremendous growth in bond portfolio allocations over the last few years and offers income without the volatility of traditional notes & bonds, is Treasury Floating Rate Notes (FRNs).
- Short-term fixed Treasury coupon maturities are also highly correlated to Fed monetary policy and can be used to mitigate a bond portfolio's duration profile.
- Intermediate to longer-dated notes and bonds that carry fixed coupons are a way for investors to focus more on potential total return for the fixed income allocation.
- Since their inception, TIPS have been viewed as an interest rate-hedged strategy. While these securities do help to mitigate the effects of inflation on rates, TIPS yields can still increase in a rising rate environment when the Federal Reserve, and not necessarily higher inflation, is the primary catalyst.

WisdomTree's Treasury Suite of ETFs

With WisdomTree's suite of Treasury offerings, investors have the ability to utilize three different options that focus exclusively on investing in the UST market.

- **WisdomTree Floating Rate Treasury Fund (USFR):** The interest rate for a Treasury FRN floats, or gets reset, with the highest accepted discount rate at the weekly 13-week T-bill auction, plus a spread. Investors who are interested in taking advantage of the highly liquid UST market while also seeking income, but without the volatility, should consider Treasury FRNs.
- **WisdomTree 1-3 Year Laddered Treasury Fund (USSH):** This Fund utilizes a time-tested bond strategy to manage interest rate exposure and can help investors position their bond portfolios for shifts in Federal Reserve policy.
- **WisdomTree 7-10 Year Laddered Treasury Fund (USIN):** This Fund also utilizes the time-tested laddered bond strategy and can help investors potentially 'lock-in' rates in a positive yield curve setting while also focusing on the potential for total return depending upon shifts in long-term economic growth and inflation expectations.

The Bottom Line

With interest rates returning to more historically 'normal' levels, investors are now operating in a bond market landscape that hasn't been witnessed by a whole generation of investors. Macro factors, such as the economy and inflation, typically ebb and flow, resulting in attendant shifts for Federal Reserve monetary policy. The WisdomTree suite of Treasury funds allows fixed income investors the ability to navigate bond market settings that may lie ahead.

Learn more by visiting [WisdomTree.com/investments](https://www.wisdomtree.com/investments).

Please see the [WisdomTree Glossary](#) for definitions of terms and indexes.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Funds before investing. To obtain a prospectus or, if available, the summary prospectus containing this and other important information, please call 866.909.9473 or visit [WisdomTree.com/investments](https://www.wisdomtree.com/investments) to view or download a prospectus. Investors should read the prospectus or, if available, the summary prospectus carefully before investing.

IMPORTANT RISK INFORMATION

There are risks associated with investing, including the possible loss of principal.

USFR: Securities with floating rates can be less sensitive to interest rate changes than securities with fixed interest rates, but may decline in value. The value of an investment in the Fund may change quickly and without warning in response to issuer or counterparty defaults and changes in the credit ratings of the Fund's portfolio investments. Due to the investment strategy of this 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 profiles.

USSH/USIN: Because the Fund is new, it has no performance history. U.S. Treasury obligations may provide relatively lower returns than those of other securities. Changes to the financial condition or credit rating of the U.S. government may cause the value to decline. 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.

Please read each Fund's prospectus for specific details regarding each Fund's risk profile.

This material contains the opinions of the authors, which are subject to change. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results.

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