

# New ETF Suite Aims to Equitize The Yield Curve

The yield curve plays a fundamental role in investing, and the new US Benchmark Series suite of US Treasury exchange-traded funds employ a first-of-its-kind approach, enabling investors to invest in points along the yield curve with the ease of buying an ETF. In that sense, these ETFs are designed to equitize the yield curve.

The initial three ETFs listed on the Nasdaq exchange are the US Treasury 10 Year Note ETF (Ticker: UTEN), US Treasury 2 Year Note ETF (UTWO) and US Treasury 3 Month Bill ETF (TBIL). Each ETF tracks an ICE Data Services index specific to its maturity date, and each holds the most current US Treasury security that corresponds to its stated maturity. These products -- the first single-bond ETFs on the market -- enable investors to achieve targeted duration management, which cannot be done as well through a fund that holds a portfolio of bonds.

The US Treasury yield curve is a line chart depicting the yields of short-term Treasury bills compared to the yields of longer-term Treasury notes and bonds. The yield curve graphically represents the risk-free rate, and is often referred to as the foundation for nearly all investing.

US Benchmark Series ETFs hold on-the-run US Treasuries, which are the most recently issued bonds and notes. On-the-run Treasuries are more liquid than off-the-run US Treasuries, typically with tighter bid-ask spreads than their off-the-run counterparts, and are considered the most liquid fixed income securities in the world. Because US Treasuries often have a negative correlation to equities, they offer the potential to diversify investment portfolios. This combination of liquidity and negative correlation can give portfolio managers flexibility when they most need it: during market dislocations.

US Benchmark Series ETFs pay monthly dividends, and the simplified roll process employed by these funds means investors don't have to follow the US Treasury calendar, deal with CUSIP numbers or track accrued interest received. And the tax-efficient ETF structure means that investors can stay on-the-run and not realize capital gains when bonds roll over.

These ETFs make it possible to invest efficiently in US Treasuries by offering tight spreads, low fees and reduced operational burden. Coupled with related options, these ETFs provide investment professionals a set of tools they can use to hedge, short, or express any number of views on rates and the shape of the yield curve.

Investors have confirmed demand for these new ETFs with combined inflows exceeding \$160M since the August launch. As of September 30, 2022, the ETFs boast one-month average share volumes of 76,939 for UTWO, 3,865 for UTEN, and 67,891 for TBIL.\*\*

US Benchmark Series ETFs are a collaboration between F/m Investments LLC and two of its member firms—Genoa Asset Management LLC and North Slope Capital LLC, with support from The RBB Fund Inc.

F/m is a multi-boutique investment advisor platform providing operations, marketing and sales support for asset management firms. Genoa Asset Management manages more than \$600 million in AUM for retail, high net worth and institutional clients. North Slope Capital is a white-label advisory firm that helps advisors navigate the 1940 Act space.

RBB is a turnkey ETF and mutual fund platform whose independence and open architecture allow advisors to customize solutions at a low-cost.

\*Source: <https://www.ustreasuryetf.com>, as of 10/3/22

\*\*Source: VettaFi, as of 9/30/22

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