The Lead

- Short-term rates are likely to witness a boost in September, as Federal Reserve Chairman Powell indicated at Jackson Hole that the US could hike rates again at their upcoming meeting.

- Given their relationship to the fed funds rate, attractive yield opportunities are likely to persist below the 12-month tenor of the Treasury curve (see chart below) all the while carrying minimal duration risks and overall volatility.

- As a result, the SPDR® Bloomberg 1-3 Month T-Bill ETF [BIL] and SPDR® Bloomberg 3-12 Month T-Bill ETF [BILS] may help investors cushion equity and rates volatility, while at the same time capitalizing on decade high, and potentially rising, interest rates.

The Takeaway

By providing higher yields (5.16% and 5.13% respectively) and limited duration risks relative to other defensive government exposures further out on the curve, BIL and BILS may help investors capture generationally elevated income. In addition to seeking to preserve capital amid today’s economic and monetary policy uncertainty, as in August 3-month T-Bills outperformed core bonds and broad stocks by 1 and 2%, respectively amid the late summer swoon in risk assets.

Chart of the Week

Treasury Yield Curve

### Standard Performance

<table>
<thead>
<tr>
<th>Ticker</th>
<th>Name</th>
<th>YTD (%)</th>
<th>Annualized</th>
<th>Inception Date</th>
<th>Gross Expense Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIL (NAV)</td>
<td>SPDR® Bloomberg 1-3 Month T-Bill ETF</td>
<td>2.25</td>
<td>3.56</td>
<td>5/25/2007</td>
<td>0.1354</td>
</tr>
<tr>
<td>BIL (MKT)</td>
<td>SPDR® Bloomberg 1-3 Month T-Bill ETF</td>
<td>2.26</td>
<td>3.57</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>BILS (NAV)</td>
<td>SPDR® Bloomberg 3-12 Month T-Bill ETF</td>
<td>2.15</td>
<td>3.22</td>
<td>9/23/2020</td>
<td>0.135</td>
</tr>
<tr>
<td>BILS (MKT)</td>
<td>SPDR® Bloomberg 3-12 Month T-Bill ETF</td>
<td>2.14</td>
<td>3.22</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: ssga.com, as of 6/30/2023. Performance returns for periods of less than one year are not annualized. Past performance is not a reliable indicator of future performance. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. All results are historical and assume the reinvestment of dividends and capital gains. For SPDR ETFs, visit ssga.com for most recent month-end performance. The market price used to calculate the Market Value return is the midpoint between the highest bid and the lowest offer on the exchange on which the shares of the Fund are listed for trading, as of the time that the Fund’s NAV is calculated. If you trade your shares at another time, your return may differ. The gross expense ratio is the fund’s total annual operating expenses ratio. It is gross of any fee waivers or expense reimbursements. It can be found in the fund’s most recent prospectus.

### Footnotes

1 “Markets Brace for Swings After High-Rates Mantra of Jackson Hole”, Bloomberg August 27, 2023
2 SSGA as of August 30, 2023, based on SEC Yield. An annualized yield that is calculated by dividing the investment income earned by the fund less expenses over the most recent 30-day period by the current maximum offering price.
3 Bloomberg Finance L.P. as of September 1, 2023 based on the Bloomberg US Aggregate Bond Index and the S&P 500 Index
Past performance is not a reliable indicator of future performance.
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