



WisdomTree Enhanced Commodity Carry



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The WisdomTree Enhanced Commodity Carry ETC (exchange-traded commodity) provides investors access to a novel source of commodity risk premia by capturing performance differentials across the futures curve. Using Bloomberg Commodity ex-Precious Metals Index (BCOMXPM) weights and a rules-based approach, the strategy goes short front-month contracts and long deferred contracts, seeking to deliver a market-neutral return profile by capturing performance differentials across the futures curve. There is no guarantee that the strategy will achieve its objective and adverse market conditions may result in losses.

Capitalising on commodity carry

In commodity futures markets, the “cost of carry”, is the difference between futures and spot price performance, which reflects the expected costs of holding the product until the contract’s maturity (e.g., storage and financing), predicted market sentiment, risk premium offset against the benefits of holding the physical commodity until contract expiry.

The cost of carry in commodity futures curves varies significantly across maturities. Traditional commodity benchmarks, such as the Bloomberg Commodity Index (BCOM), typically invest in the front-end of the futures curve, where the cost of carry is usually greater than for futures further out on the curve. The WisdomTree Enhanced Commodity Carry strategy seeks to capitalise on this market inefficiency by investing differently along the futures curve.

This UCITS eligible ETC seeks to isolate, and harvest the premium by going short front-month futures (with a generally greater cost of carry) and long a basket of deferred contracts (with a generally lower cost of carry), using the same commodity weights as BCOM ex-precious metals. The strategy is implemented via the BNP Paribas Enhanced Commodity Carry ER Index.

With a 3x notional exposure to both legs (long and short), the strategy provides a leveraged but neutral profile, aiming to capture the relative performance difference between maturities rather than directional price moves.

Strategic investing across the futures curve

Understanding commodity cost-of-carry: Historically, the cost of carry at the front of the commodity futures curve has been significantly higher than at longer maturities. Several structural factors contribute to this:

- + Higher annualised storage costs in near-term contracts
- + Declining convenience yield at longer maturities
- + Concentrated hedging and speculative activity in front-month contracts, often elevating near-dated prices in contango¹ markets

Empirical benefits of deferred contracts: Empirically, investing in deferred contracts has demonstrated significant advantages relative to front month investing. Table 1 shows that, on average, most commodities have experienced substantial outperformance in their deferred contracts relative to the front-month contract since inception. When analysing performance using uniform starting dates (not depicted in the chart), the outperformance generally increases with contract maturity.

Deferred contract performance relative to front month

¹ A market condition where futures prices are higher than the expected spot price, often leading to negative roll yield when holding front-month contracts.

Commodity	3-months deferred	6-months deferred	12-months deferred
Aluminum	1.4%	2.2%	1.8%
Brent Crude	1.4%	2.5%	0.4%
Coffee	1.3%	2.3%	2.4%
Copper	1.9%	2.6%	1.0%
Corn	2.9%	3.8%	4.5%
Cotton	4.3%	3.9%	6.0%
Gasoil	1.0%	1.2%	0.2%
HRW Wheat	2.0%	4.2%	5.6%
Lead	0.9%	0.7%	1.1%
Lean Hogs	8.6%	13.1%	13.0%
Live Cattle	2.9%	3.6%	3.1%
Natural Gas	14.2%	21.9%	24.3%
Nickel	1.4%	2.2%	1.0%
Soybean	0.8%	0.8%	
Soybean Meal	-0.1%	-0.3%	
Soybean Oil	1.8%	2.5%	
SRW Wheat	3.2%	5.9%	
Sugar	3.2%	5.9%	5.9%
ULS Diesel	2.2%	3.0%	-0.7%
WTI Crude	8.0%	9.4%	7.7%
Zinc	1.7%	2.5%	2.2%

Source: WisdomTree, Bloomberg. The table shows the difference in annualised performance between the front month BCOM strategy for each commodity within the BCOM basket (except Gold and Silver) and the corresponding deferred contract strategy. 3 and 6-months deferred indices are Bloomberg indices, while 12-months deferred indices are S&P GSCI Indices. The start date for the 3-month deferred number is 3 January 2020; the start date for the 6-month deferred number is 2 January 2021; the start date for the 12-month deferred number is 12 December 2010. Performance figures are calculated from the later of either the BCOM front-month index start date or the respective deferred index start date. End date is 2 of April 2025. Historical performance is not an indication of future performance, and any investments may go down in value.

Strategic Allocation: Liquidity considerations balance the benefits of investing in deferred contracts. Consequently, the BNP Paribas Enhanced Commodity Carry ER Index allocates the long leg investments strategically:

- + 60% in contracts deferred by 3 months
- + 30% in contracts deferred by 6 months
- + 10% in contracts deferred by 12 months

In contrast, the short leg invests entirely (100%) in front-month futures.

The weighting mirrors the Bloomberg Commodity Index ex-precious metals, ensuring consistency across both the short and long legs. The Index applies a 3x leverage on both legs, reset monthly, to effectively capture and amplify the cost of carry differential.

Risk Management: A built-in floor mechanism guarantees a delta-1 exposure, ensuring that the index level never becomes negative.

Why the WisdomTree Enhanced Commodity Carry ETC?

- + **Targets structural inefficiencies** in commodity futures markets by systematically exploiting higher cost of carry at the front of the curve.
- + **Rules-based, market-neutral strategy** that harvests premiums and introduces an alternative alpha source within the commodity space.
- + **Low correlation to directional commodity moves**, offering potential diversification benefits.
- + **Efficient exposure to a diversified carry factor** across the BCOM commodity set (excluding precious metals).
- + **Designed to perform across market regimes**, with potential to outperform in both rising and falling commodity price environments.

Index performance depends on the cost-of-carry premium remaining positive. If the premium declines or turns negative, returns will be adversely affected.

Product information:

Product name	Ticker	Exchange	ISIN	Bloomberg Code	Listing Currency	Base currency	TER%
WisdomTree Enhanced Commodity Carry	CRRY	LSE	XS3022291473	CRRY LN	USD	USD	0.34
WisdomTree Enhanced Commodity Carry	WCRV	LSE	XS3022291473	WCRV LN	GBx	USD	0.34
WisdomTree Enhanced Commodity Carry	CRRY	Borsa Italiana	XS3022291473	CRRY IM	EUR	USD	0.34

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WisdomTree Enhanced Commodity Carry	CRRY	Xetra	XS3022291473	CRRY GR	EUR	USD	0.34
WisdomTree Enhanced Commodity Carry GBP Daily Hedged	CRRP	LSE	XS3246964079	CRRP LN	GBx	GBP	0.34
WisdomTree Enhanced Commodity Carry EUR Daily Hedged	CRRE	Xetra	XS3246967098	CRRE GY	EUR	EUR	0.34
WisdomTree Enhanced Commodity Carry EUR Daily Hedged	CRRE	Borsa Italiana	XS3246967098	CRRE IM	EUR	EUR	0.34

TER: Total expense ratio

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