

BDRY

Breakwave Dry Bulk Shipping ETF

Fund Description

BDRY tracks an index of long-only exposure to the nearest calendar quarter of dry bulk freight futures contracts on specified indexes.

FactSet Analyst Report

BDRY is the first ETP to provide exposure to freight futures. Dry bulk shipping is an instrumental part of the global commodity market, and uncorrelated with other major asset classes historically. Dry bulk carrier transport unpackaged dry cargo, such as iron ore, coal, and grain - distinct from tankers and containerized cargo ships. BDRY provides exposure to the charter rate for dry bulk shipping by holding near-dated freight futures contracts on three dry bulk indices. The portfolio uses a fixed weighting scheme, rebalanced annually, based on the cargo ships size category - Capesize freight futures contracts get 50% weight, Panamax contracts 40%, and Supramax contracts 10%. As futures are always an imperfect proxy for spot prices, and the freight futures market is often in contango, long-term holdings are subject to position decay. BDRY is structured as a commodities pool, so expect a K-1 at tax time and long-term holders will be taxed on any gains even without selling shares.

