

SDCI

USCF SummerHaven Dynamic Commodity Strategy No K-1 Fund

Fund Description

SDCI is a broad-market commodity fund that holds an equally weighted portfolio of 14 commodity futures contracts. Contracts are chosen for optimal backwardation and price momentum.

FactSet Analyst Report

SDCI is functionally an index-tracking fund despite its active management label. It wants to follow the same benchmark as its sibling fund USCI. From a selection universe of more than twenty commodities, the index chooses seven with the highest degree of backwardation (or lowest contango) and seven more that have shown the greatest 12-month price momentum, with the caveat that the portfolio must have one representation from the following groups: petroleum, grains, industrial metals, and precious metals. For each commodity, the index selects the contract with the greatest backwardation in an attempt to mitigate roll costs. The 14 contracts are equally weighted, with monthly reconstitution and rebalancing. The fund is organized as an open-ended ETF, so does not issue a K-1 at tax time. To avoid regulation as a commodity pool, the fund gets its futures exposure through a Cayman Islands subsidiary, a common workaround in the commodity ETF space.