Crude awakening: the commodity chaos of Q1

Published 6 May 2026

Luca Berlanda
Director, Quantitative Research

Key Takeaways

- The quarter was shaped by an unusually intense macroeconomic backdrop: geopolitical shocks, weather-driven volatility, and sharp cross-commodity rotations all hit within a few months.
- The WisdomTree Enhanced Commodity UCITS ETF outperformed even though the Bloomberg Commodity Total Return Index rallied strongly, a setting in which enhanced strategies often find it harder to add value.
- Most of the outperformance came from commodity allocation rather than contract selection, as the strategy was overweight the strongest markets and lighter in the weakest ones.
- Energy was the main driver of relative returns, with the oil overweight helping materially.

Commodities revival?

Inflows into UCITS commodity products were robust in 2025, with approximately €1.7 billion entering the asset class. Year-to-date, however, flows have almost reached €2 billion as of 16/04/2026, highlighting increased investor interest.

However, despite this notable growth, investor behaviour toward commodities remains largely tactical. Investors tend to turn to the asset class only after the move has already happened, effectively locking the stable door after the horse has bolted. Buffett's long-standing stigma of commodities as an "unproductive" asset class may still be echoing in the background. The asset class remains significantly underinvested in both institutional and retail portfolios. Recent developments have, in turn, reinforced the relevance of commodities both tactically and strategically.

Broad commodities, as measured by the Bloomberg Commodity Total Return Index (BCOM), delivered a 22.9% year-to-date return, while WisdomTree's Enhanced Commodity UCITS ETF (WCOA) outperformed over the period, increasing 27.4%1. The first quarter of 2026 provided a powerful reminder of why commodities remain uniquely sensitive to geopolitics, supply disruptions and curve dynamics, and why active positioning can matter materially in such an environment.

Q1 2026: a masterclass in commodity investing

The opening months of 2026 felt like an accelerated course in commodity investing. Over the brief period of three months, we witnessed the following:

- The US-led capture of Nicolás Maduro in early January brought Venezuela's vast reserves back into focus. Yet the immediate market impact was limited: Venezuelan production remains structurally constrained after years of decline and infrastructure decay, so price effects were marginal.
- After an already exceptional 2024–2025 rally, precious metals saw both a continuation and a reversal. Gold and silver extended their multi-year bull run into early 2026, but that move quickly turned unstable, with a sharp reversal as positioning became crowded and macro expectations shifted, highlighting how momentum in commodities can unwind as violently as it builds. Silver nosedived by more than 30% in a single day in late January.
- US natural gas delivered a textbook volatility cycle driven by weather and positioning. Prices initially squeezed higher on colder-than-expected winter temperatures (spot prices went up more than 100%-2), lifting the front of the curve. The move quickly reversed as the weather normalised.
- Most importantly, the Iran conflict and disruption around the Strait of Hormuz reintroduced a clear physical risk premium into energy markets. Unlike typical geopolitical noise, this situation directly threatened a key chokepoint for global oil and liquefied natural gas (LNG) flows, pushing crude and product curves further into backwardation and driving a meaningful increase in spot prices.

That backdrop made Q1 the first meaningful stress test for the new WisdomTree Enhanced Commodity UCITS ETF (WCOA) framework. Effective 18 September 2025, the exchange-traded fund's (ETF's) underlying index transitioned to the WisdomTree Enhanced Commodity Total Return Index (WTENCMT). The new approach still begins with the Bloomberg Commodity Index (BCOM) universe and its weights but introduces daily factor-driven tilts. These are evenly split across backwardation, slope momentum and price momentum, while remaining within UCITS constraints relative to BCOM. Contract selection is also more dynamic: non-seasonal commodities use roll-yield optimisation, seasonal markets follow seasonal contract rules, and precious metals remain positioned in the front contract.

Let's take a closer look at how the new WisdomTree Enhanced Commodity UCITS ETF performed during its first real test in Q1.

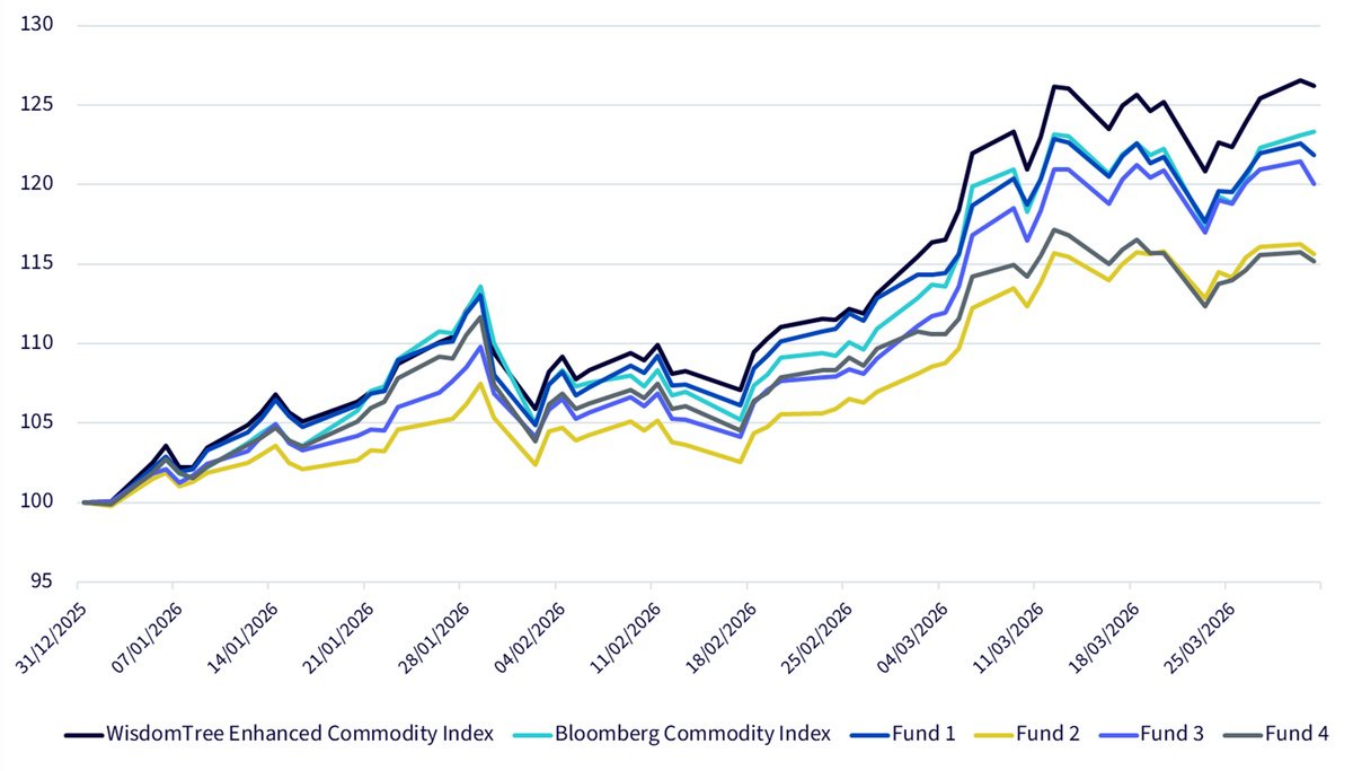
Drivers of outperformance

Over the first three months of 2026, the WisdomTree Enhanced Commodity UCITS ETF Index delivered an excess return of +26.21%3, outperforming the Bloomberg Commodity Total Return Index by +2.91%. This outperformance is notable given a market backdrop that was not particularly favourable for enhanced strategies4. The chart below compares Q1 excess return performance across the Bloomberg Commodity Index, the WisdomTree Enhanced Commodity UCITS ETF Index (WTENCM) and the indices of the four largest enhanced commodity UCITS ETFs.

The WisdomTree Enhanced Commodity UCITS ETF, like other enhanced strategies, relies on two main levers to outperform its benchmark: contract selection and commodity selection (i.e. overweights and

underweights relative to the benchmark). In strongly rising markets, the first lever becomes less effective, as performance is typically concentrated in the front contract, where the Bloomberg Commodity Index is also positioned. As a result, outperformance in such environments depends primarily on the effectiveness of commodity selection.

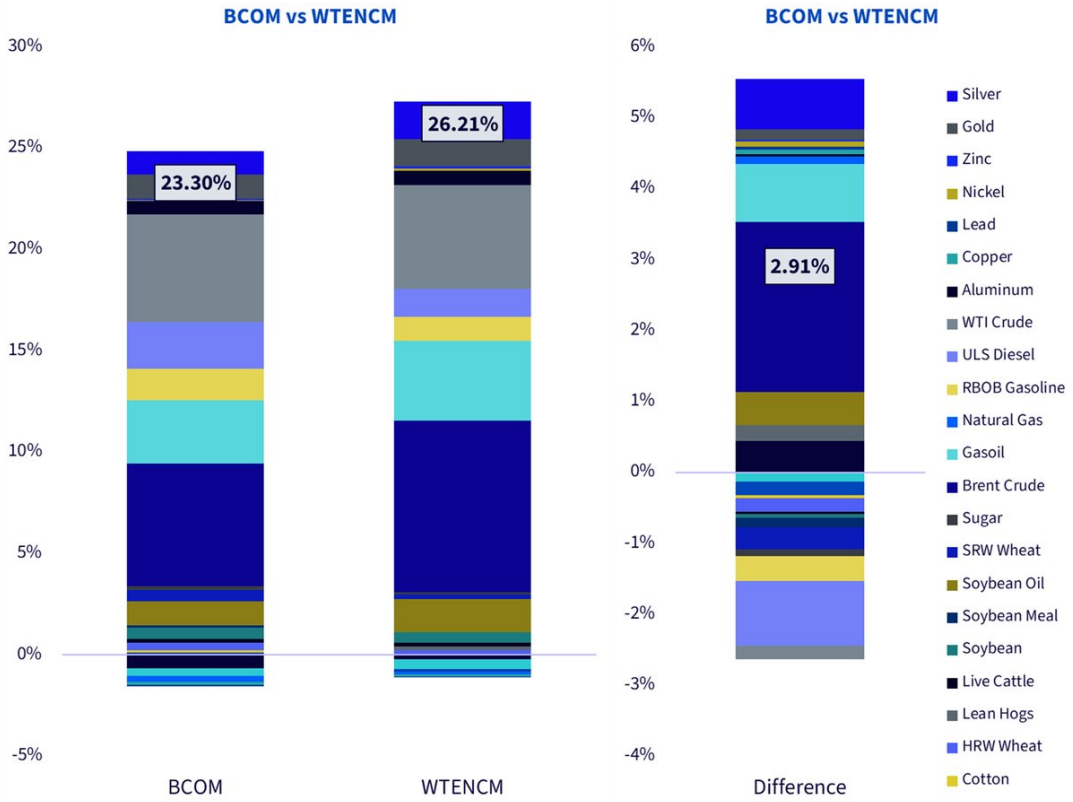
Figure 1: How enhanced commodity strategies performed vs the benchmark



Source: WisdomTree, Bloomberg. Data from 31/12/2025 to 31/03/2026. Calculations are based on excess return indices. Comparisons are shown for illustrative purposes only. Funds 1, 2, 3 and 4 are the four largest enhanced commodity UCITS ETFs. The strategy differs from these indices in terms of composition, sector exposure and risk profile. **Historical performance is not an indication of future performance and any investments may go down in value.**

The image below shows the performance contribution by commodity for the Bloomberg Commodity Total Return Index and the WisdomTree Enhanced Commodity Index. Unsurprisingly, most of the quarter-to-date performance comes from the oil-related commodities. In relative terms, the largest positive contributions were given from Brent and Gasoil, while ULS Diesel and Gasoline have been the largest detractors.

Figure 2: Commodity contributions to Q1 2026 performance



Source: WisdomTree, Bloomberg. Data from 31/12/2025 to 31/03/2026. **Historical performance is not an indication of future performance and any investments may go down in value.**

Looking beneath the surface

Table 1 presents the WisdomTree Enhanced Commodity Index's active return relative to the Bloomberg Commodity Total Return Index at the commodity level. Each figure shows the percentage-point contribution to relative returns, broken down into allocation, selection and interaction (with interaction as the residual). Allocation reflects the impact of overweighting or underweighting individual commodities versus the Bloomberg Commodity Index, while selection captures the effect of holding different futures contracts. At a high level, allocation was the main driver, contributing +6.23%, partially offset by contract selection, which detracted -2.70%.

Table 1: Active return decomposition vs Bloomberg Commodity Index

Code	Name	XSB	TSM	SM	factor selection	contract selection	interaction	Total
CO	Brent Crude	4.77%	2.21%	3.21%	2.40%	0.00%	0.00%	2.40%
QS	Gasoil	2.48%	1.06%	1.12%	0.83%	-0.02%	0.00%	0.81%
SI	Silver	0.38%	0.56%	1.20%	0.70%	0.00%	0.00%	0.70%
BO	Soybean Oil	0.96%	-0.16%	0.55%	0.50%	-0.03%	-0.01%	0.47%
CC	Cocoa	0.68%	0.66%	0.68%	0.43%	0.02%	-0.02%	0.44%
LH	Lean Hogs	-0.01%	0.03%	0.11%	0.03%	0.16%	0.03%	0.23%
GC	Gold	0.06%	0.56%	0.72%	0.15%	0.00%	0.00%	0.15%
NG	Natural Gas	-1.30%	-0.25%	-1.27%	-0.39%	0.17%	0.33%	0.11%
LN	Nickel	0.03%	-0.09%	0.24%	0.07%	0.01%	0.00%	0.08%
HG	Copper	0.14%	0.04%	-0.02%	0.05%	0.01%	0.00%	0.06%
LL	Lead	0.08%	0.00%	0.05%	0.04%	0.01%	-0.01%	0.05%
LA	Aluminum	0.55%	0.50%	0.19%	0.43%	-0.23%	-0.17%	0.03%
LX	Zinc	0.08%	0.11%	-0.05%	0.04%	-0.02%	0.00%	0.02%
LC	Live Cattle	0.15%	0.14%	-0.24%	0.04%	-0.05%	-0.01%	-0.03%
CT	Cotton	-0.09%	-0.10%	0.02%	-0.05%	0.04%	-0.03%	-0.04%
S	Soybean	0.13%	-0.26%	-0.03%	-0.06%	0.00%	0.02%	-0.05%
SB	Sugar	-0.18%	-0.17%	-0.26%	-0.10%	0.02%	-0.01%	-0.09%
KC	Coffee	-0.25%	-0.44%	0.17%	-0.16%	0.02%	0.00%	-0.13%
SM	Soybean Meal	-0.14%	-0.04%	-0.04%	-0.08%	-0.07%	0.01%	-0.14%
CL	WTI Crude	4.10%	1.21%	2.39%	1.24%	-1.09%	-0.34%	-0.18%
KW	HRW Wheat	-0.36%	-0.31%	0.00%	-0.19%	-0.01%	0.01%	-0.19%
C	Corn	-0.13%	-0.03%	-0.55%	-0.22%	0.05%	-0.02%	-0.19%
W	SRW Wheat	-0.53%	-0.37%	-0.09%	-0.30%	-0.04%	0.03%	-0.31%
XB	RBOB Gasoline	1.24%	0.23%	0.41%	0.20%	-0.49%	-0.06%	-0.36%
HO	ULS Diesel	1.81%	1.23%	0.74%	0.60%	-1.17%	-0.35%	-0.91%
Total		**14.65%**	**6.32%**	**9.26%**	**6.23%**	**-2.70%**	**-0.62%**	**2.91%**

Source: WisdomTree, FactSet, Bloomberg. As of 31/03/2026. SM refers to the Slope Momentum factor and TSM refers to the Time-series Momentum factor. XSB refers to the Cross-sectional Backwardation factor. **Historical performance is not an indication of future performance and any investments may go down in value.**

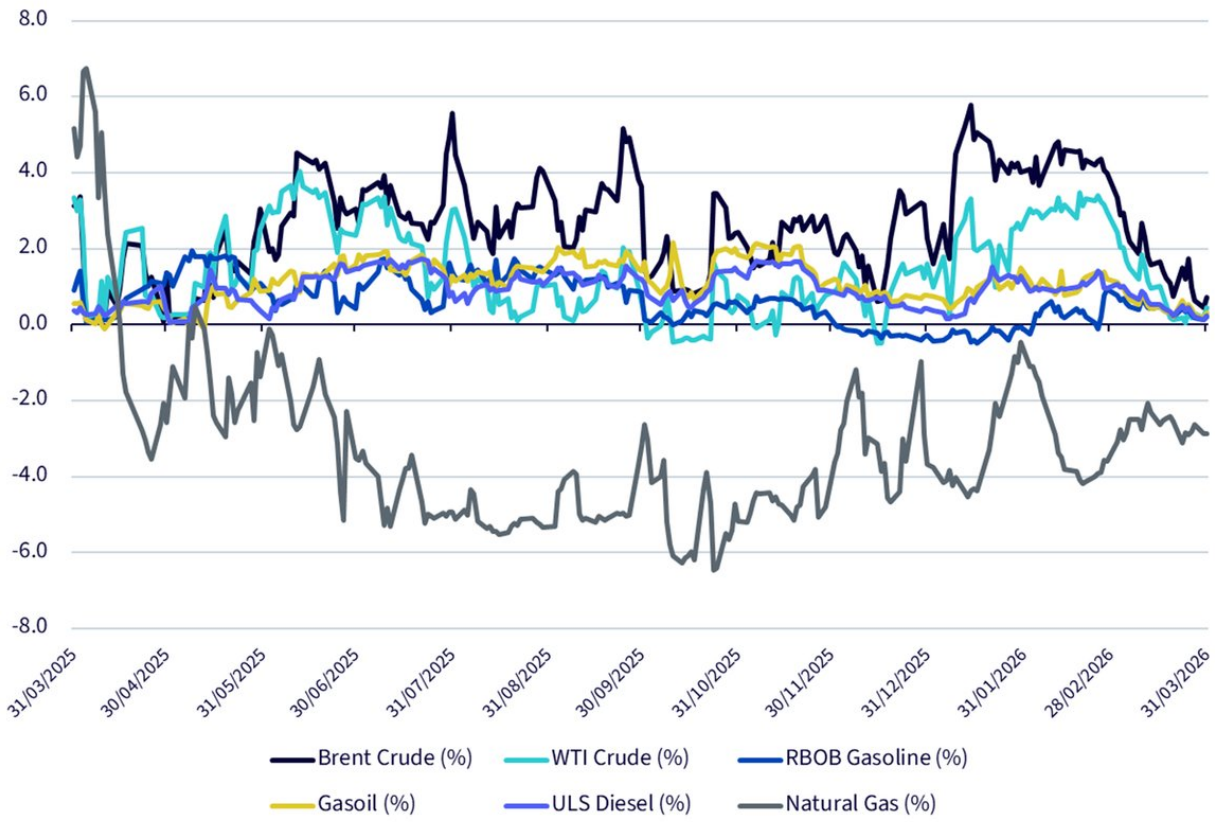
Among factors, the strongest contributor has been Cross-sectional Backwardation5 (XSB column in the table), lifted by the very strong and early overweight in the oil complex. Slope Momentum and then Time Series Momentum followed in this order.

Energy was unsurprisingly the main driver of performance over the quarter. From the start of the year, the strategy was overweight all energy commodities except Natural Gas (Figure 3), which allowed it to capture the first leg of the oil rally after the conflict began. That positioning was deliberate: crude curves were already in backwardation and had steepened further ahead of the conflict, and the daily rebalancing framework allowed the strategy to reflect those signals quickly. The backdrop was a clear supply-risk shock: by mid-March, oil had risen more than 40% over the month at one point, Brent had moved above $103/bbl, and the Strait of Hormuz remained largely shut.

After the war began, the overweight in the oil complex was gradually reduced for two reasons. First, signals in other commodities improved, so the model reallocated part of the active risk more broadly across the basket rather than keeping it concentrated in energy. Second, the scope to maintain very large oil

overweights was mechanically constrained by UCITS diversification limits, which cap how far the strategy can lean into any single commodity group.

Figure 3: Energy overweights and underweights vs Bloomberg Commodity Index



Source: WisdomTree, FactSet. From 31/03/2025 to 31/03/2026. **Historical performance is not an indication of future performance and any investments may go down in value.**

Table 1 shows that Brent crude contributed approximately 2.40% to relative performance, with Gasoil adding a further 0.81%, bringing their combined contribution to around 3.21%. By contrast, WTI crude, RBOB gasoline and ULS diesel detracted roughly -1.50%, primarily due to contract selection. ULS diesel was the largest drag, as the seasonal contract selection pointed to the December contract during the rally (see Figure 4), while the Bloomberg Commodity Index remained positioned in the more responsive May contract. In a front-led rally, this difference in contract maturity led to underperformance relative to the benchmark. However, the structural overweight in these commodities helped offset some of this impact. Overall, the oil complex remained the primary driver of the WisdomTree Enhanced Commodity UCITS ETF's outperformance versus the Bloomberg Commodity Index.

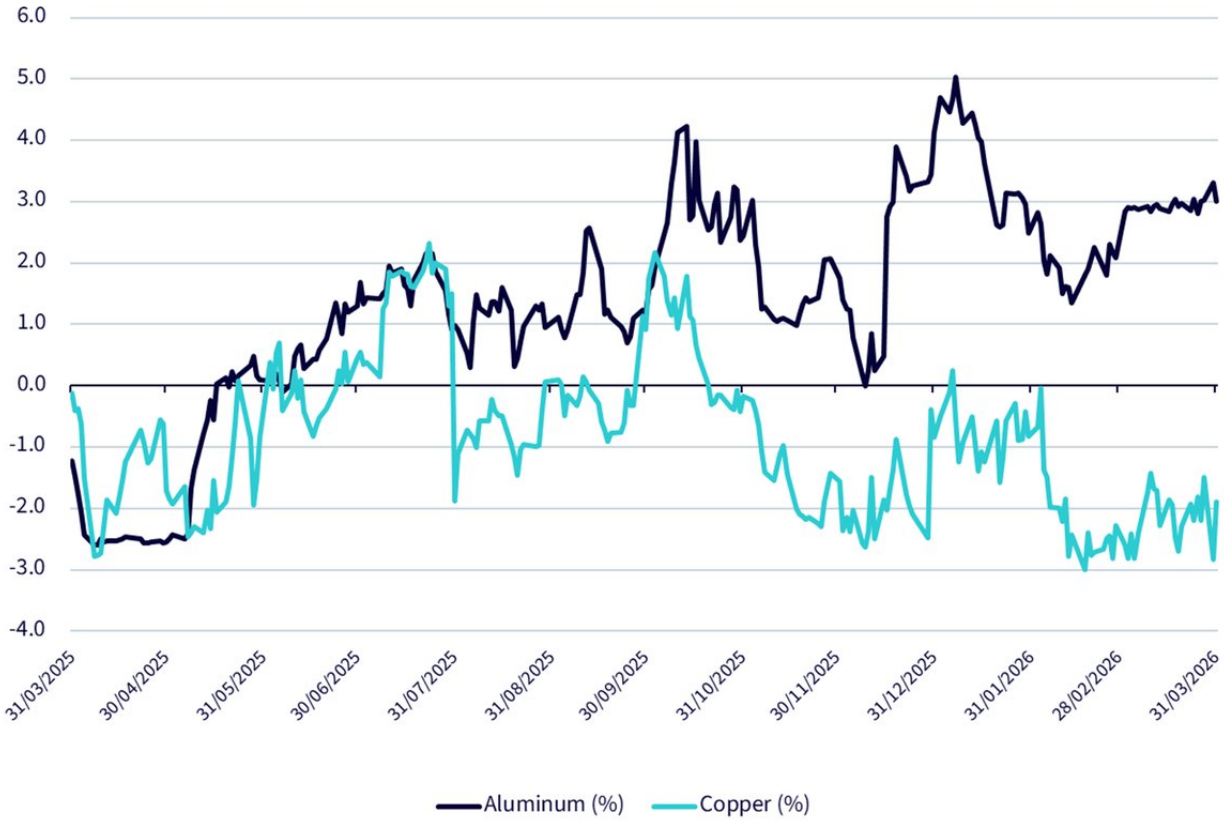
Natural gas also saw significant volatility, but for different reasons. In January, performance was negatively impacted as the strategy was underweight and positioned in the December 2026 contract, while the Bloomberg Commodity Index held the March 2026 contract. Colder-than-expected US weather drove

a sharp rise in front-month prices, resulting in a drag of more than 2% by the end of the month. In February, this reversed: milder weather, ample inventories and strong production weighed on prompt prices, allowing the underweight and deferred positioning to recover losses. By quarter-end, natural gas contributed only around 11 basis points to relative performance, a relatively modest impact for a typically influential commodity.

Agriculture also played a meaningful role. Soybean oil contributed approximately +47 basis points, supported by strength across the energy and biofuel complex, with the strategy positioned overweight. Cocoa added around +44 basis points, driven by the opposite dynamic: the strategy was underweight a market that declined as demand softened and West African supply improved.

Industrial metals were not a major driver overall, but they illustrated the robustness of the process. Before the conflict, market sentiment favoured copper, while the strategy signals leaned towards aluminium. This positioning proved effective as the two metals diverged after the conflict began. Aluminium benefited from supply disruptions in the Gulf, including damage to facilities and shipping constraints, while copper faced pressure from weaker demand and rising inventories. Over Q1, aluminium returned 16.6%, while copper declined by 2.2%. The strategy added value through allocation across both metals, although some of this was offset by contract selection.

Figure 4: Copper and Aluminium overweights and underweights vs Bloomberg Commodity Index



Source: WisdomTree, FactSet. From 31/03/2025 to 31/03/2026. **Historical performance is not an indication of future performance and any investments may go down in value.**

Conclusion

Q1 2026 saw strong benchmark performance, with front-end contracts leading and geopolitical developments reinforcing momentum-driven market conditions. In this environment, the WisdomTree Enhanced Commodity UCITS ETF Index still delivered relative outperformance, supported primarily by commodity allocation. Overall, the quarter provided an early test of the updated framework, highlighting how a curve-aware and factor-driven approach can remain effective across different market conditions, including periods of strong benchmark performance.

The broader takeaway from Q1 is how the WisdomTree Enhanced Commodity UCITS ETF behaved in a strong benchmark environment. The post-September framework maintained exposure to rising commodity markets while also generating relative gains, even in conditions where contract selection was less influential. Many enhanced commodity strategies tend to perform best when benchmark returns are weaker or when carry is a primary driver.

The WisdomTree Enhanced Commodity UCITS ETF invests in commodity futures and is exposed to the risks of commodity markets, which can be highly volatile and driven by geopolitical events, supply and demand dynamics and macroeconomic conditions. The fund uses a factor-based approach that may not perform as expected and can result in periods of underperformance. Concentrated exposures, particularly

to energy, and the use of futures contracts introduce additional risks, including roll yield variability and liquidity risk. The value of investments may go down as well as up and investors may not recover the amount originally invested.

1 Source: WisdomTree, Bloomberg. Data from 31/12/2025 to 31/03/2026. Historical performance is not an indication of future performance and any investments may go down in value.
2 We refer to first generic natural gas contract, “NG1 Comdty” ticker in Bloomberg.
3 Ticker: WTENCME Index
4 By enhanced we mean an ETF which is departing from the Bloomberg Commodity Total Return Index in terms of contract selection and weighting.
5 Factor performances are calculated before applying caps and floors.

Important Risks Related to this Article

IMPORTANT INFORMATION

Marketing communications issued in the European Economic Area ("EEA"): This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland.

Marketing communications issued in jurisdictions outside of the EEA: This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority.

WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as "WisdomTree" (as applicable). Our Conflicts of Interest Policy and Inventory are available on request.

This marketing communication is intended for all investors; however, the WisdomTree products described in this document and related materials may be restricted in certain jurisdictions and may only be available to particular categories of investors in accordance with applicable laws and regulations. Where a product is not authorised or its distribution is restricted in your jurisdiction, it is the responsibility of any person or entity in possession of this information to inform themselves of, and comply with, all relevant restrictions. Before making any investment, investors should seek appropriate legal, regulatory, tax and investment advice to assess the suitability and implications of investing in these products. Information about WisdomTree products is available at wisdomtree.eu. WisdomTree does not offer investment advice tailored to individual circumstances. Past performance is not a reliable indicator of future performance. Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be affected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and affer seeking independent investment, tax and legal advice. The content of this document does not constitute investment advice nor an offer for sale nor a solicitation of an offer to buy any product or make any investment.

An investment in exchange-traded products ("ETPs") is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks.

The information contained in this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares in the United States or any

province or territory thereof, where none of the issuers or their products are authorised or registered for distribution and where no prospectus of any of the issuers has been filed with any securities commission or regulatory authority. No document or information in this document should be taken, transmitted or distributed (directly or indirectly) into the United States. None of the issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes.

This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements.

WisdomTree Issuer ICAV

Certain funds referred to in this document are issued by WisdomTree Issuer ICAV (“WT Issuer”). WT Issuer is an open-ended, umbrella-type Irish Collective Asset-management Vehicle with segregated liability between sub-funds and is authorised by the Central Bank of Ireland (“CBI”) as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) under Irish law. Each fund is represented by a separate class of shares (the “Shares”) issued by WT Issuer.

The Fund is described in a Key Information Document (KID) or Key Investor Information Document (KIID) for UK investors, and the prospectus of WT Issuer (“WT Prospectus”). A copy of the WT Prospectus and the KID / KIID is available, for EEA/UK only, in English at www.wisdomtree.eu. Where required under national rules, the KID will also be available in the local language of the relevant EEA Member State. Investors should read the WT Prospectus before investing and should refer to the section of the WT Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the Shares.

The summary of investor rights associated with an investment in the fund is available in English on WisdomTree Europe's website. WisdomTree Management Limited may decide to terminate the arrangements made for the marketing of its collective investment undertakings. In such circumstances, shareholders in the affected EEA Member State will be notified of this decision and will be provided with the opportunity to

redeem their shareholding in the fund free of any charges or deductions for at least 30 working days from the date of such notification.

WisdomTree Enhanced Commodity UCITS ETF

The base weightings for each commodity in the WisdomTree Enhanced Commodity Index are determined by reference to Bloomberg® Commodity Indices. “BLOOMBERG®” and the Bloomberg indices listed as index components therein (the “Bloomberg Indices”) are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (“BISL”), the administrator of the Bloomberg Indices (collectively, “Bloomberg”) and have been licensed for use for certain purposes by WisdomTree Issuer ICAV as the umbrella Irish collective asset-management vehicle of the Fund (the “Licensee”). Bloomberg is not affiliated with Licensee, and Bloomberg does not approve, endorse, review, or recommend the Fund. Bloomberg does not guarantee the timeliness, accuracy, or completeness of any data or information relating to the Fund.

For Investors in Switzerland:

This document constitutes an advertisement of the financial product(s) mentioned herein.

The prospectus (in English only) and the key investor information documents (KID) (in German, French and Italian) are available from WisdomTree's website: https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports

For WisdomTree UCITS products only: the representative and paying agent of the ETPs in Switzerland is Société Générale Paris, Zurich Branch, Talacker 50, PO Box 5070, 8021 Zurich, Switzerland. The prospectus, the key investor information documents (KIID), the articles of association and the annual and semi-annual reports of the sub-funds are available free of charge from the representative and paying agent. As regards distribution in Switzerland, the place of jurisdiction and performance is at the registered seat of the representative and paying agent. Some of the sub-funds referred to in this document may not have been registered with the Swiss Financial Market Supervisory Authority (“FINMA”). In Switzerland, such sub-funds that have not been registered with FINMA may only be available to Qualified Investors.

For Investors in France:

The information in this document is intended exclusively for professional investors (as defined under the MiFID) investing for their own account and this material may not in any way be distributed to the public. The distribution of the Prospectus and the offering, sale and delivery of Shares in other jurisdictions may be restricted by law. WT Issuer is a UCITS governed by Irish legislation, and approved by the Financial Regulatory as UCITS compliant with European regulations although may not have

to comply with the same rules as those applicable to a similar product approved in France. The Fund has been registered for marketing in France by the Financial Markets Authority (Autorité des Marchés Financiers) and may be distributed to investors in France. Copies of all documents (i.e. the Prospectus, the Key Investor Information Document, any supplements or addenda thereto, the latest annual reports and the memorandum of incorporation and articles of association) are available in France, free of charge

at the French centralizing agent, Societe Generale at 29, Boulevard Haussmann, 75009, Paris, France. Any subscription for Shares of the Fund will be made on the basis of the terms of the prospectus and any supplements or addenda thereto.

For Investors in Malta: This document does not constitute or form part of any offer or invitation to the public to subscribe for or purchase shares in the Fund and shall not be construed as such and no person other than the person to whom this document has been addressed or delivered shall be eligible to subscribe for or purchase shares in the Fund. Shares in the Fund will not in any event be marketed to the public in Malta without the prior authorisation of the Maltese Financial Services Authority.