

New fund to boost air cargo investment

20 / 01 / 2022

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A new exchange traded fund (ETF) that aims to provide diversified access to the global sea shipping and airfreight industries has begun trading on the New York Stock Exchange (NYSE).

Investment advisory firm U.S. Global Investors' U.S. Global Sea to Sky Cargo ETF (SEA) consists of common stocks listed on developed and emerging market exchanges across the globe and uses a smart-beta 2.0 strategy to determine the most efficient sea shipping and airfreight companies in the world.

Cargo ships represent approximately 70% of the ETF, while airfreight companies represent roughly 30%.

In addition to container shipping companies, SEA also seeks to invest in air cargo carriers, which have seen volume surge well past pre-pandemic levels. According to IATA, global cargo-tonne kilometres (CTKs) increased 9.4% in October 2021 compared to the same month in 2019.

SEA's additional exposure to the airfreight industry helps differentiate it from its shipping ETF peers, many of which simply track an index, said U.S. Global Investors.

"One shipping ETF in particular, which launched in August 2021, is an indexed fund that happens not to have any exposure to air cargo," said Frank Holmes, the company's CEO and chief investment officer.

"I believe that's an oversight, as the demand for air cargo services has dramatically increased since the start of the pandemic, with consumers shifting much of their spending from services to goods."

ETFs offer a way to invest in a wide range of bonds or shares in one package. Unlike other funds, ETFs are traded on the stock market.