



What Makes a Superior Benchmark?

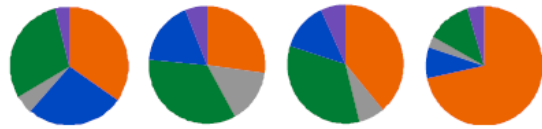
Systematic Approach To Commodity Investments

What Does a Benchmark Have To Satisfy?

	Representative	Investable	Transparent	Neutral Position
Traditional Index S&P GSCI, DJUBS, RICI	Unlikely only front month contracts	Yes	Yes	Formerly no alternative existed
Second Generation Index UBS Bloomberg CMCI	Yes covers every liquid part on curve	Yes	Yes	Yes closer to "Neutral"

Index Weightings

Sector	C MCI	S&P GSCI	DJUBS	CRB
Energy	34.6%	66.5%	33.0%	39.0%
Ind Metals	26.9%	8.3%	17.8%	13.0%
Prec Metals	5.0%	3.4%	13.7%	7.0%
Agriculture	29.6%	17.4%	30.0%	34.0%
Livestock	3.9%	4.3%	5.4%	7.0%

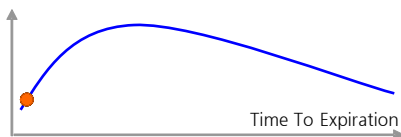


- **Diversified:** CMCI, DJUBS and CRB
- **High energy exposure:** S&P GSCI

Index Methodology

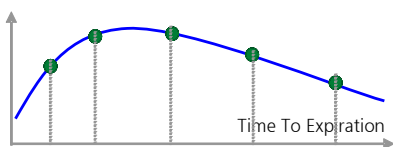
Traditional Indices (S&P GSCI, DJUBS, CRB)

- No diversification across futures tenors
- Often significant roll losses



UBS Bloomberg CMCI

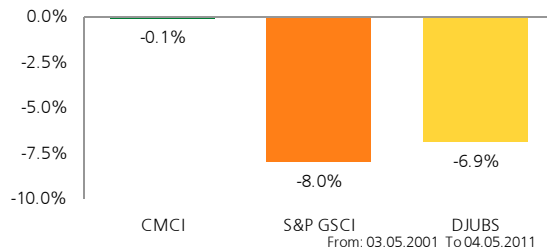
- Broad diversification across futures tenors
- Mitigates roll losses in contangoed markets



Influence On Performance

- Traditional indices **tend to underperform their price indices by historically up to 10% p.a.** (price indices are not investable)
- **CMCI tends to outperform its price index**
- Longer dated futures contracts usually **less volatile** than front month contracts

Average Roll & Collateral Performance vs. Price Return Indices



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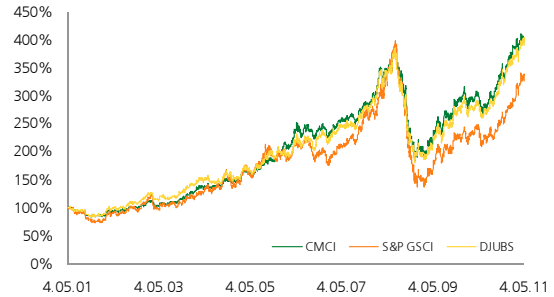
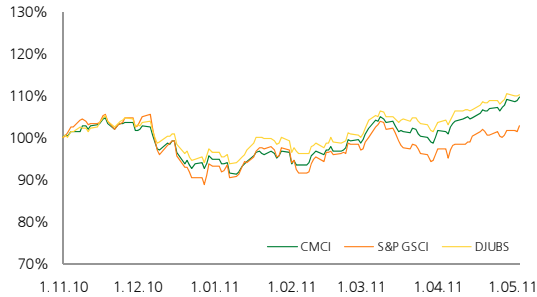
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What Makes a Superior Benchmark?

Although Index Weightings Have an Impact in the Short Run...

IMPORTANT: For this purpose non-investable price indices are used.

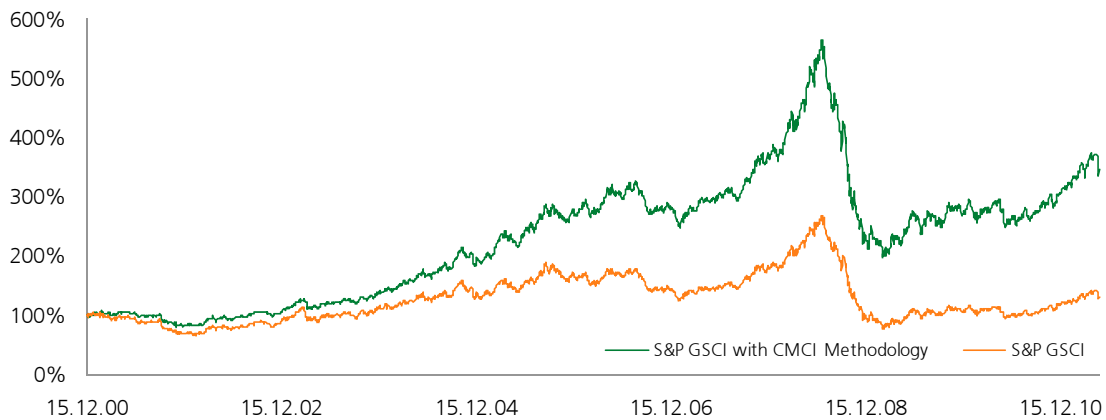
This permits comparison of index weighting influence without impact of index methodologies.



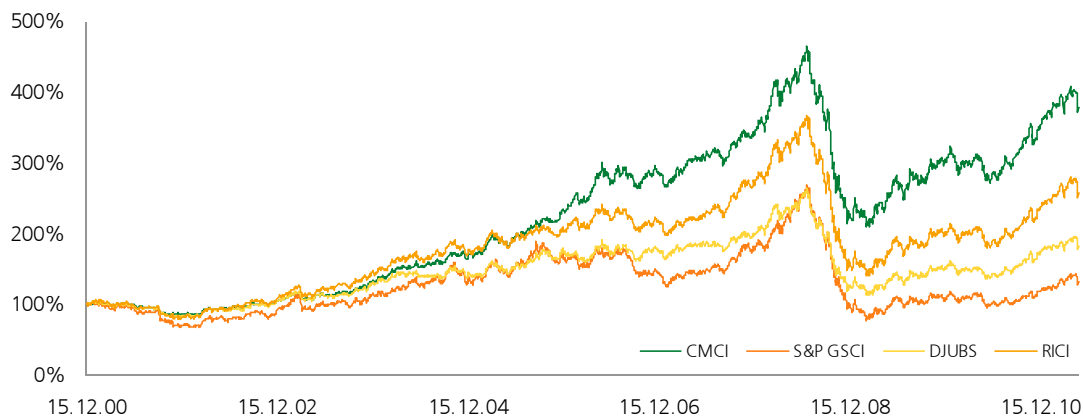
- **Short term: High timing sensitivity**
- **27.8% p.a.** difference between best and worst price index (Example)

- **Long term: Low timing sensitivity**
- **2.4% p.a.** difference between best and worst price index

... it's Methodology that Matters in the Longer Run



Comparison Of Benchmark Indices (Total Return)



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