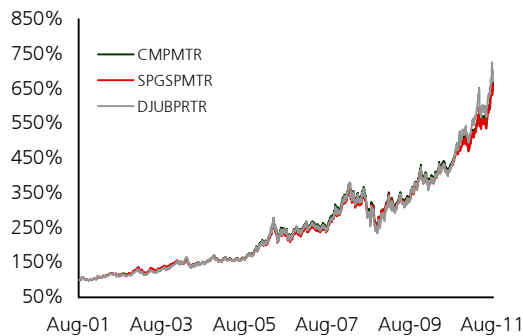


# UBS Bloomberg CMCI Precious Metals Index

## State-of-the-Art Precious Metals Benchmark

### Historical Performance as of August 2011



Source: UBS AG, Bloomberg. Total Return indices. Daily closing prices 31/8/2001 - 31/8/2011. CMCI data contains back-tested values from Nov 2000 to Jan 2007 and live thereafter. CMPMTR (UBS-Bloomberg Precious Metal Index), SPGSPMTR (S&P GSCI Precious Metal Index), DJUBPRTR (DJ-UBS Precious Metal Index)

### Close match to spot prices

- Due to near perfect arbitrage in precious metals almost perfect correlation to spot prices
- In environment of scarcity lease rates lead to outperformance

	CMPMTR	SPGSPMTR	DJUBPRTR
Performance p.a.	20.9%	20.8%	21.5%
Volatility p.a.	20.1%	19.7%	21.4%
Sharpe Ratio	0.89	0.90	0.86

Source: UBS AG, Bloomberg. Total Return indices. Daily closing prices 31/8/2001 - 31/8/2011. CMCI data prior to Jan 2007 is back-tested and live thereafter. Performance and volatility are calculated on Total return indices, while Sharpe ratio on Excess return basis

### Growth Drivers – Demand & Supply

Precious metals behave more like financial assets rather than commodities

For commodities such as gold and silver storage and trade are the dominant functions affecting global supply and demand as the consumption process does not necessarily result in "physical destruction" of the commodity.

For such commodities consumption occurs principally through a transaction process without considerably reducing at any point in time the quantity of commodity available in circulation.

### CMCI Characteristics

**A benchmark for modern commodity investing, reflecting the real nature of commodity markets**

- Flexible** - 27 components, 5 maturities
- Diversification** across commodities, futures tenors and roll dates
- Enhanced roll performance** both in Contango and Backwardation

### Gold and Silver Observations

**Gold** – US dollar weakness contributes to gold price strength

**Silver** – a higher beta version of gold, outperforming the yellow metal moderately during periods of gold and silver strength, but falling much more rapidly than gold in the times of weakness

### Product Range

#### Beta and Alpha Strategies

#### Exchange Traded Commodities (ETC)

- Transparent and cost efficient open ended 1:1 tracking of entire CMCI family

#### Over the Counter (OTC) and Structured Products

- Products in all categories (Protection, Optimization, Performance and Leverage)

#### UCITS III Compliant Fund, ETF



# UBS Bloomberg CMCI Energy Index

## Overview

### Sector Benchmark Index

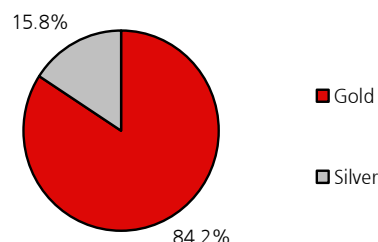
- Diversified across all commodities and tenors the precious metals sector
- Sectors: Energy, Industrial Metals, Precious Metals, Agriculture and Livestock

### Single Commodity Benchmark Indices

- All tenors of one commodity

“Vertical” and “Bullet” Indices (See below)

## Sector Weighting



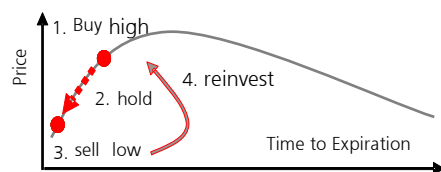
Source: UBS IB, Composition correct as for H2 2011

## Traditional Commodity Indices

### Limit investors to short-dated futures contracts

- An upward sloping forward curve (“contango”) such as below puts investors in the costly position of “buying high, selling low” each time a future is rolled\*.

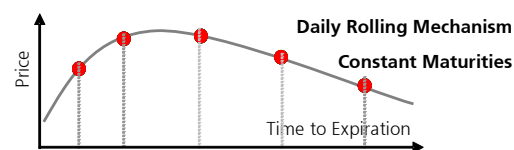
\* assuming futures curve stays the same



## UBS Bloomberg CMCI

### Expands commodity investment beyond short-dated futures contracts

- Gives access to various constant maturities. In doing so, it can reduce roll losses (or even generate roll gains) and may diminish volatility found in traditional indices



## The UBS Bloomberg CMCI Universe – Precious Metals

Sector	Weight	Avg Tenor	Commodity	Code	Overall Weight	Weight in Sector	Average Tenor	3M	6M	1Y	2Y	3Y
								✓	✓	✓	✓	✓
Precious Metals	5.9%	6.90	Gold	GC	5.00%	84.22%	6.89	✓	✓	✓	✓	
			Silver	SI	0.94%	15.78%	6.92	✓	✓	✓	✓	

Source: UBS IB, Composition correct as for H2 2011



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