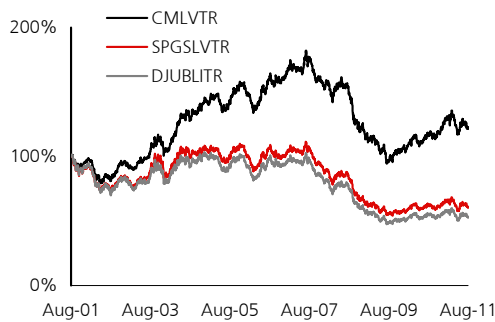




# UBS Bloomberg CMCI Livestock Index

## State-of-the-Art Livestock 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. CMLVTR (UBS Bloomberg CMCI Livestock Index), SPGSLVTR (S&P GSCI Livestock Index), DJUBLVTR (DJ-UBS Livestock Index)

### Higher risk-adjusted returns

- Higher performance and lower volatility
- Performed equally well during times of backwardation

	CMLVTR	SPGSLVTR	DJUBLVTR
Performance p.a.	1.9%	-4.9%	-6.2%
Volatility p.a.	13.5%	14.4%	15.2%
Sharpe Ratio	-0.08	-0.55	-0.60

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 based on Total Return indices, while Sharpe ratio on Excess return

### Growth Drivers - Demand

Global trends, including population growth, rising GDP trade expansion as well as globalization push up demand for livestock

- Main positive driver** – China takes the first place in lean hog consumption on a global level followed by the United States and Germany occupying the second and third place in lean hog demand, while the US is the largest cattle importer worldwide
- Limiting factors** – Trend to healthy nutrition in Western countries would marginally limit their demand

### 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

### Growth Drivers – Supply

#### Main constraints

- Rising feed costs**, resulting from the pressure on grains due to increased food and biofuel demand, feeding through to increased the livestock prices
- With the **increased competition for land** from agricultural commodities, the availability of grazing land is falling and the farmers face a choice of either reducing the quantity of livestock or relying on increasingly expensive grain feed. Both scenarios lead to increasing price of livestock

### 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

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# UBS Bloomberg CMCI Livestock Index

## Overview

### Sector Benchmark Index

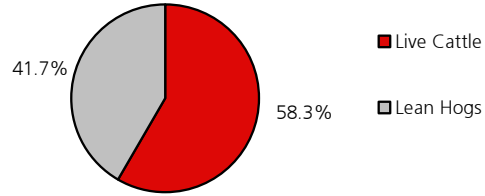
- Diversified across all commodities and tenors of a the livestock sector

### Single Commodity Benchmark Indices

- All tenors of one commodity

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

## Sector Weighting



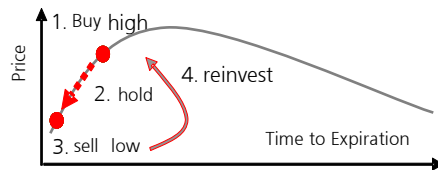
Source: UBS IB, Composition correct as for H2 2011

## 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\*.

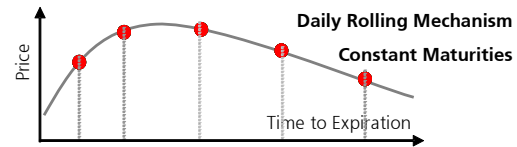
\* assuming futures curve stays the same



## 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 - Livestock

Sector	Weight	Avg Tenor	Commodity	Code	Overall Weight	Weight in Sector	Average Tenor	Average Tenor				
								3M	6M	1Y	2Y	3Y
Livestock	3.9%	3.99	Live Cattle	LC	2.29%	58.34%	4.00	✓	✓			
			Lean Hogs	LH	1.64%	41.66%	3.98	✓	✓			

Source: UBS IB, Composition correct as for H2 2011

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