

UBS Bloomberg CMCI Livestock Index

State-of-the-Art Livestock Benchmark

Growth Drivers - Demand

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

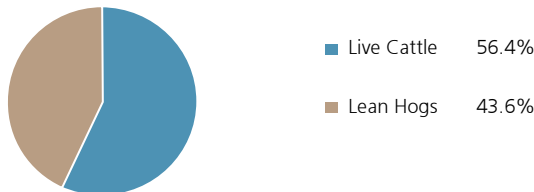
- **Main positive driver** – China takes the first place in lean hog consumption on a global level followed by the United States and Germany occupying the second and third place in lean hog demand, while the US is the largest cattle importer worldwide
- **Limiting factors** – Trend to healthy nutrition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

Growth Drivers - Supply

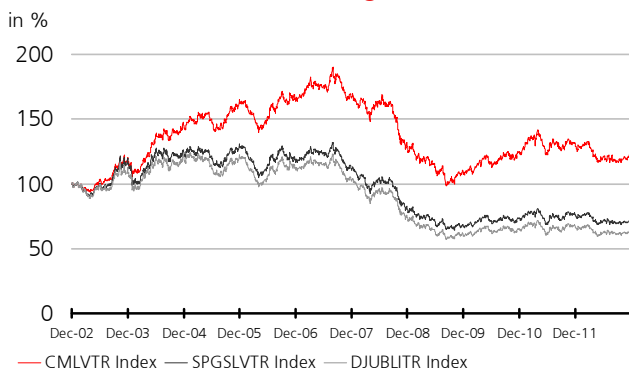
Main constraints

- **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

Current weights



Historical Performance as of August 2012



Source: UBS AG, Bloomberg. Total Return indices. Daily closing prices 31/8/2002 - 31/8/2012. 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), DJUBLTR (DJ-UBS Livestock Index)

Higher risk-adjusted returns

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

	CMLVTR	SPGSLVTR	DJUBLTR
Performance	1.97%	-3.36%	-4.52%
Volatility p.a.	13.37%	14.45%	15.13%
Sharpe Ratio	0.15	-0.23	-0.30

Source: Based on daily closing prices 31.01.2007 - 30.09.2012. Performance and volatility are based on Total Return, Sharpe Ratio on Excess Return Indices. Past performance does not indicate future results. Source: Bloomberg, UBS AG

The UBS Bloomberg CMCI Universe – Livestock

Sector	Weight	Average Tenor	Commodity	Overall Weight	Weight in Sector	Av. Tenor (months)	Weights of Constant Maturities per Commodity				
							3M	6M	1Y	2Y	3Y
Livestock	4.1%	4.11	Live Cattle	2.31%	56.97%	4.10	63.24%	36.76%	-	-	-
			Lean Hogs	1.75%	43.03%	4.13	62.50%	37.50%	-	-	-

Source: UBS IB, Composition correct as for H2 2012

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