

UBS Bloomberg CMCI Industrial Metals Index

State-of-the-Art Industrial Metals Benchmark

Growth Drivers - Demand

Global trends, including population growth, rising GDP trade expansion as well as globalization push up demand for Industrial Metals of all kinds.

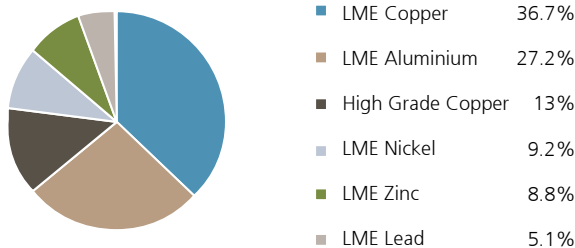
- **Main positive driver** – The emerging market, especially China has still a growing demand for any kind of industrial metals demand, while the US is the largest cattle importer worldwide
- **Limiting factors** – The financial crisis had a negative effect on commodity prices. As recovery in the markets begins, commodities are expected to follow.

Growth Drivers - Supply

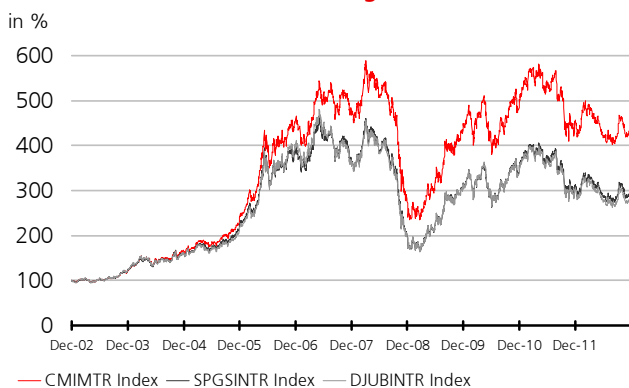
Supply - low inventories combined with production problems tend to flow straight through into higher prices

- **Global inventories** remain low and there is not an adequate cushion against supply shocks
- Increased labour unrest in the mining industry
- **Copper** remains the most affected metal by both actual and threatened strikes
- Other issues include **Power costs, regulations about pollution and trade tariffs**

Current weights



Historical Performance as of August 2012



Source: UBS AG, Bloomberg. Total Return indices. Daily closing prices 30/11/2002 -30/11/2012. CMCI data contains back-tested values from Nov 2000 to Jan 2007 and live thereafter. CMIMTR (UBS Bloomberg CMCI Industrial Metal Index), DJUBINTR (DJ-UBS Industrial Metal Index)

Higher risk-adjusted returns

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

	CMIMTR	SPGSINTR	DJUBINTR
Performance	16.20%	11.79%	11.35%
Volatility p.a.	25.56%	27.18%	27.13%
Sharpe Ratio	0.63	0.43	0.42

Source: Based on daily closing prices 30.11.2002 – 30.1.2012. 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 – Industrial Metals

Sector	Weight	Average Tenor	Commodity	Overall Weight	Weight in Sector	Av. Tenor (months)	Weights of Constant Maturities per Commodity				
							3M	6M	1Y	2Y	3Y
Industrial Metals	24.9%	9.47	LME Copper	9.18%	36.88%	12.19	30.65%	21.01%	22.85%	15.94%	9.55%
			High Grade Copper	3.24%	13.02%	3.80	73.31%	26.69%	0.00%	0.00%	0.00%
			LME Zinc	2.19%	8.80%	6.10	46.23%	28.99%	24.78%	-	-
			LME Aluminium	6.71%	26.98%	11.58	34.84%	21.85%	19.50%	14.09%	9.72%
			LME Nickel	2.27%	9.13%	5.77	52.37%	25.24%	22.39%	-	-
			LME Lead	1.29%	5.19%	5.75	50.98%	27.75%	21.28%	-	-

Source: UBS IB, Composition correct as for H2 2012

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