

# UBS Bloomberg CMCI Precious Metals Index

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

### Growth Drivers – Demand & Supply

Precious metals behave more like financial assets 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.

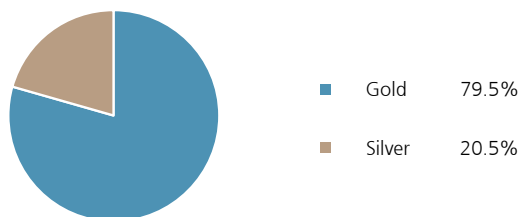
For such commodities consumption occurs principally through a transaction process without considerably reducing at any point in time the quantity of commodity available in circulation.

### Gold and Silver Observations

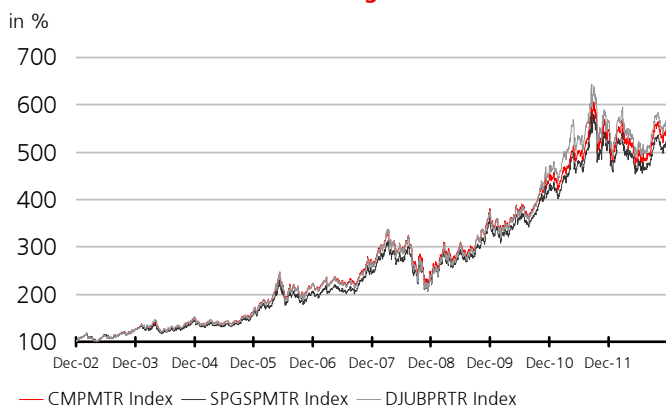
**Gold** – US dollar weakness contributes to gold price strength

**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

### Current weights



### Historical Performance as of August 2012



### 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
<b>Performance</b>	18.30%	17.70%	18.69%
<b>Volatility p.a.</b>	21.57%	21.14%	22.95%
<b>Sharpe Ratio</b>	0.85	0.84	0.81

Source: Based on daily closing prices 30.11.2002 – 30.11.2012. 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

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. CMPMTR (UBS-Bloomberg Precious Metal Index), SPGSPMTR (S&P GSCI Precious Metal Index), DJUBPRTR (DJ-UBS Precious Metal Index)

### The UBS Bloomberg CMCI Universe – Precious 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
Precious Metals	6.3%	6.44	Gold	4.96%	79.41%	6.41	62.41%	17.65%	10.88%	9.06%	0.00%
			Silver	1.29%	20.59%	6.56	61.72%	17.06%	11.75%	9.48%	0.00%
			Platinum								

Source: UBS IB, Composition correct as for H2 2012

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