

# UBS Bloomberg CMCI Energy Index

## State-of-the-Art Commodity Benchmark

The UBS Bloomberg CMCI Index family was developed to track real performance of commodity prices and is the first to use up to five constant maturities as well as maintaining broad-based diversification across 29 commodity futures contracts. The index reflects the complete pricing picture and all market opinions while, at the same time, reducing negative roll returns. Daily rolling of futures contracts ensures that the average time-to-maturity in the UBS Bloomberg CMCI Index is kept permanently constant, unlike most traditional indices, which only roll once a month.

## Historical Performance as of July 2018



The index level does not include reinvestment of dividends and capital gains. Data as of 07/31/2018.

Historically higher risk-adjusted returns compared with first-generation indexes

- Higher performance and lower volatility
- Performs equally well during times of Backwardation

# UBS BLOOMBERG CMCI ENERGY INDEX

## CMCI Characteristics

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

- Flexible - 29 components, 5 maturities
- Diversification across commodities, futures tenors and roll dates
- Enhanced roll performance both in Contango and Backwardation

## Growth Drivers - Demand

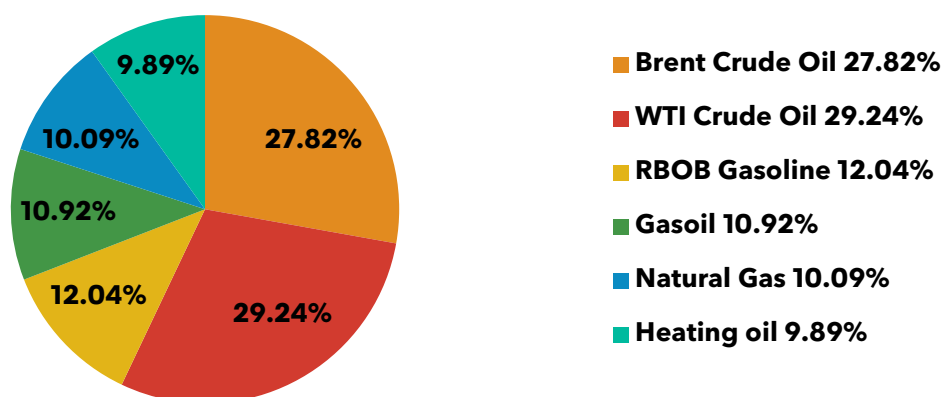
Global trends, including population growth, rising GDP trade expansion as well as globalization push up demand for energy of all kinds.

- **Main driver** - Global energy intensity of GDP is growing in tandem with transport fuel demand and the strength of developing economies.
- **Limiting factors** - High prices as well as ecological/ environmental concerns (CO2 emissions) can have some negative effect on demand.

## Growth Drivers - Supply

The supply depends heavily on the discovery of new fossil fuel reserves. Political uncertainty, security issues and hurricanes keep supply tight and uncertain. A political example, therefore, could be seen when the OPEC several times reduced oil production in order to keep when oil prices high.

## Energy Weightings



## Traditional Commodity Indexes

Limit investors to short-dated futures contracts

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

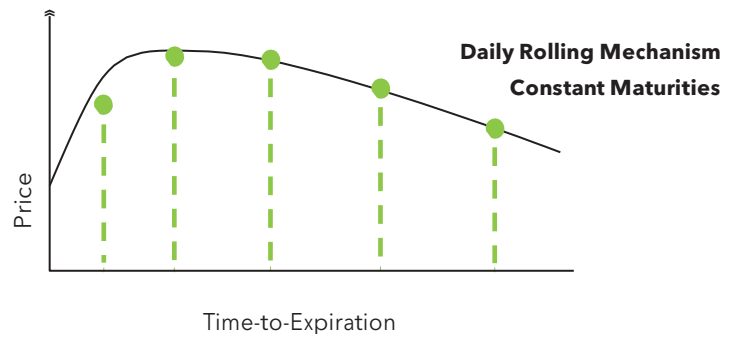
\*Assuming Futures curve stays the same



## 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 indexes.



## The UBS Bloomberg CMCI membership - Energy

SECTOR	WEIGHT	COMMODITY	CODE	OVERALL WEIGHT	WEIGHT IN SECTOR	3M	6M	1Y	2Y	3Y
Energy	34.46%	Brent Crude Oil	CO	9.58%	27.82%	✓	✓	✓	✓	✓
Energy	34.46%	WTI Crude Oil	CL	10.07%	29.24%	✓	✓	✓	✓	✓
Energy	34.46%	RBOB Gasoline	XB	4.15%	12.04%	✓	✓			
Energy	34.46%	Gasoil	QS	3.76%	10.92%	✓	✓			
Energy	34.46%	Natural Gas	NG	3.48%	10.09%	✓	✓	✓		
Energy	34.46%	Heating oil	HO	3.41%	9.89%	✓	✓	✓		

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