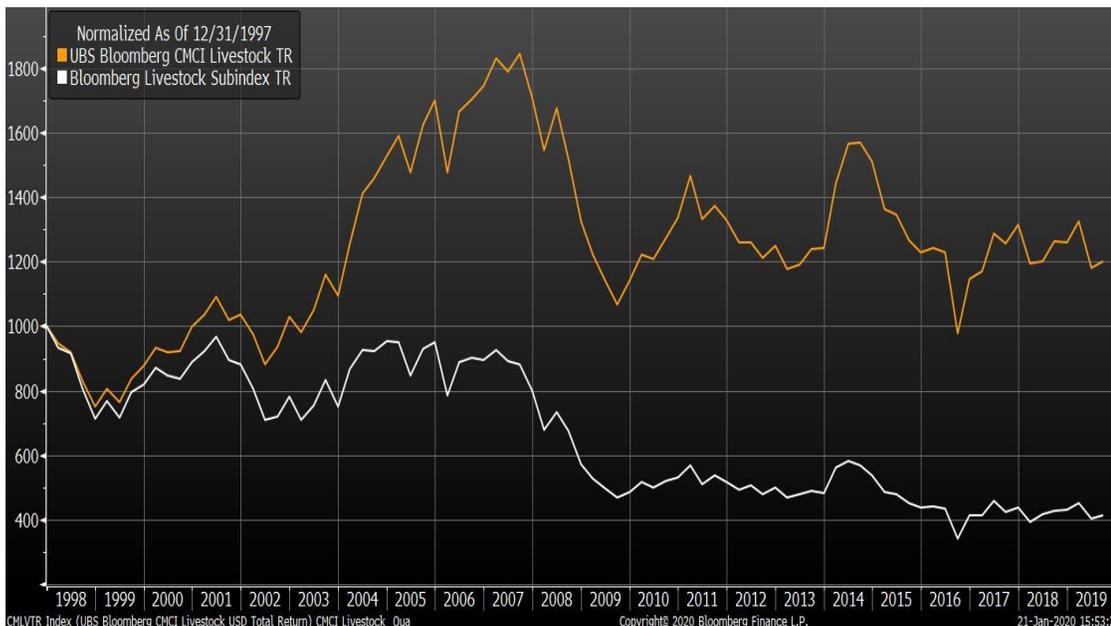


UBS Bloomberg CMCI Livestock Index

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



Historically higher risk-adjusted returns compared with first-generation indices:

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

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 livestock.

- **Main driver** - China takes first place in lean hog consumption on a global level followed by the European Union and the United States, occupying the second and third place, respectively. The U.S. is the world's largest cattle importer.
- **Limiting factors** - Trend towards meat substitutes in Western countries would marginally limit demand.

Growth Drivers - Supply

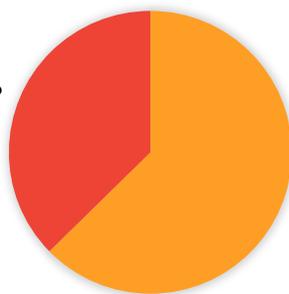
Agricultural supply depends to a large extent on U.S. production. As a result, US weather conditions and farmers' subsidies will be crucial to determining supply in the agricultural sector. Further factors impacting global output of agricultural commodities are falling availability, of arable land rising costs (including fuel and fertilizers) and changing climate patterns.

Livestock Weightings

Main constraints:

- Rising feed costs, have been replaced by viruses, which have been reducing supply and increasing livestock prices.
- With the increased competition for land from agricultural commodities, the availability of grazing land is falling and farmers face a choice of either reducing the quantity of livestock or relying on grain feed. Both scenarios lead to increasing price of livestock.

Lean Hogs 37.35%



Live Cattle 62.65%

Traditional Commodity Indices

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 indices.

UBS Bloomberg CMCI Livestock Index - Membership

COMMODITY	CODE	WEIGHT IN SECTOR	OVERALL WEIGHT	3M	6M
Live Cattle	LC	62.65%	2.50%	✓	✓
Lean Hogs	LH	37.35%	1.49%	✓	✓

Take the next step.

For additional information, press the <HELP> key twice on the Bloomberg Terminal®.

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