

DB Commodity Booster and Harvest – DJ UBS™

Summary

DB Commodity Booster – DJ UBS™ indices represent a long commodity exposure. The index aims to outperform DJ UBS™ benchmark commodity indices by selecting DBLCI-OY atoms in the respective weights of the underlying DJ UBS™ indices. The Booster indices re-weight on an annual basis when the new DJ UBS™ weights take effect announced. For Livestock, Soybean Oil and other commodities that do not have a corresponding DBLCI-OY atom the weight is assigned to the DJ UBS™ single commodity index.

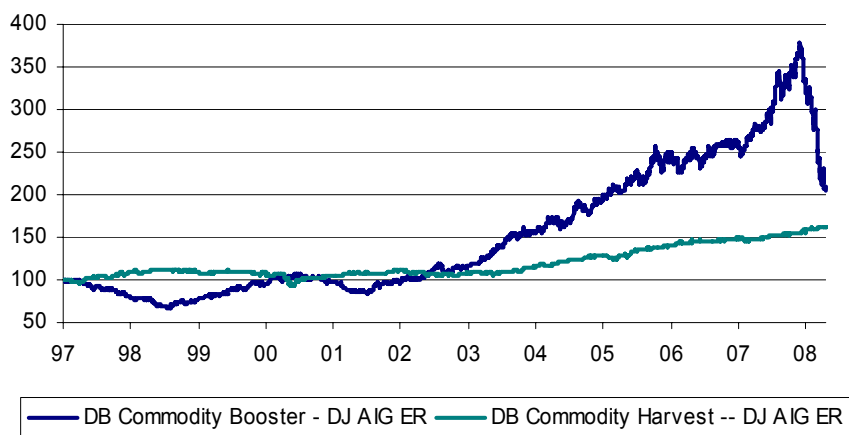
DB Commodity Harvest Indices are designed to represent a commodity neutral alpha strategy. The index reflects the return of holding a long DB Commodity Booster - DJ UBS™ position and a short DJ UBS™ position. The weights are reset monthly on the tenth business day. Both excess and total return indices are calculated.

The Deutsche Bank Liquid Commodities Indices Optimum Yield (DBLCI-OY) employs a rule-based approach when it 'rolls' from one futures contract to another for each commodity in the index. Rather than select the new future based on a predefined schedule (e.g. monthly) the index rolls to that future (from the list of tradable futures which expire in the next thirteen months) which generates the maximum implied roll yield. The index aims to maximize the potential roll benefits in backwardated markets and minimize the loss from rolling down the curve in contango markets.

If the price of a future is greater than the spot price, the market is in contango. If the price of a future is below the spot price, the market is in backwardation. In a contango market, as the futures time to expiry decreases in general, the price will tend towards the spot price. Assuming a flat spot price, this results in the future price falling. The opposite is true for a market in backwardation. A contango market will tend to cause a drag on an index while a market in backwardation will tend to cause a push on an index.

The selected DBLCI-OY index future contract is rolled to a new contract, when the existing contract is close to expiry. For full information on the DBLCI-OY index and roll methodology refer to DBIQ Index Guide – DBLCI Optimum Yield Commodity Indices 17-Jan-2007.

Figure 1. DB Commodity Harvest & Booster DJ UBS™ Index Levels



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Historical Analysis

Historical daily index levels have been calculated from 04-Aug-1997. Back testing was based on DBLCI-OY atoms and underlying DJ UBS™ data. DJ UBS™ weights prior to 15 January 2008 were not available, historic calculations are based on January 2008 weights applied annually on the 10th business day of each January. To ensure the historic returns of DB Commodity Harvest – DJ UBS™ are representative a proxy short index was used prior to 15 January 2008. The proxy index was calculated using the 2008 weights and individual DJ UBS™ commodity indices. The use of a proxy index ensures the long and short commodity weights are equivalent on the annual rebalancing date. For full information on the historical calculations of DBLCI-OY refer to DBIQ Index Guide – DBLCI Optimum Yield Commodity Indices 17-Jan-2007.

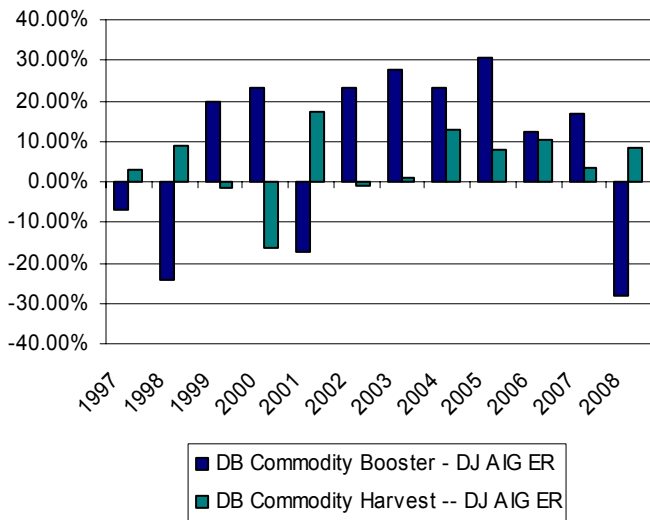
Historical analysis of DB Commodity Booster & Harvest indices are detailed below.

Figure 2. Return Summary

	DB Commodity Booster - DJ UBS ER	DB Commodity Harvest -- DJ UBS ER
Annualised Return	6.62%	4.40%
Average 3m Volatility	12.90%	4.64%
Sharpe Ratio	0.51	0.95
Average Monthly Returns	0.63%	0.37%
% Positive Months	60%	68%
Average Monthly +ve Return	3.35%	1.18%
Average Monthly -ve Return	-3.50%	-1.37%
Best Monthly Return	11.62%	8.65%
Month	Feb-08	Jan-01
Worst Monthly Return	-20.54%	-9.02%
Month	Oct-08	Dec-00
Monthly Return Volatility	15.37%	6.18%
Maximum Drawdown	-44.73%	-18.11%
Start Month	Jun-08	Nov-98
End Month	Nov-08	Dec-00

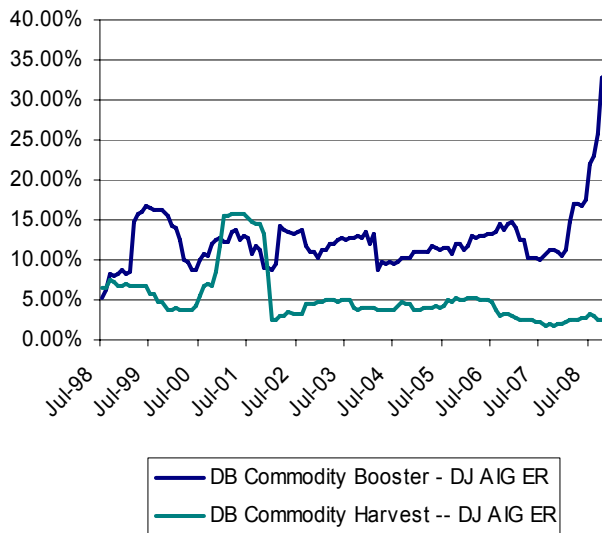
Source : DBIQ

Figure 3. Annual Returns



Source : DBIQ

Figure 4. 12 Month Rolling Volatility



Source : DBIQ

Figure 5. Return Distributions

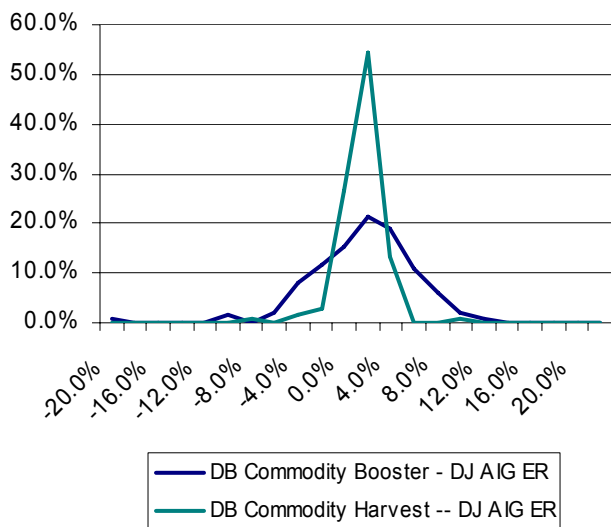
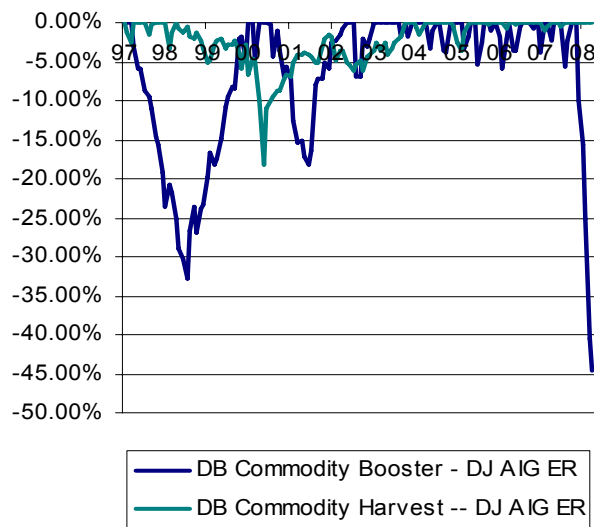


Figure 6. Historic Drawdowns



Source : DBIQ

Index Rules and Calculations

DB Commodity Booster – DJ UBS™ Excess Return

The DB Commodity Booster – DJ UBS™ Excess Return Index is calculated on valid DBLCI business days. The index return is equal to the change in atoms index levels multiplied by the relevant holdings.

$$ILB(t) = ILB(t - 1) + \sum_i (ILa(t, i) - ILa(t - 1, i)) * Ua(t, i)$$

where

ILB(t) = DB Commodity Booster – DJ UBS™ Excess Return Index level on day t

ILa(t,i) = Commodity atom i index level on day t

Ua(t,i) = Commodity atom i index holding on day t

The weights for the commodity atoms are based on the annually published DJ UBS™ weights. The index is re-weighted on the 10th business day of January. In the event DJ UBS™ announce an extraordinary rebalancing event of the DJ UBS™ indices Deutsche Bank will assess the changes and if deemed appropriate rebalance the DB Commodity Booster – DJ UBS™ indices. Based on the atom index weights the new holdings for each atom are calculated. The new holdings are calculated at the close of the 10th business day of January.

$$Ua(t + 1, i) = \frac{ILB(t) * W(t, i)}{ILa(t, i)}$$

where

W(t,i) = Commodity atom weight in DJ UBS™

For all other days the holding remains constant.

$$Ua(t + 1, i) = Ua(t, i)$$

DB Commodity Booster – DJ UBS™ Total Return Index

The total return index level in USD is expressed as

$$ILBtr(t) = \left(\frac{ILB(t)}{ILB(t-1)} + (1 + Rt(t))^{d(t,t-1)} - 1 \right) * ILBtr(t-1)$$

$$Rt(t) = \left(1 - \frac{91}{360} y(t-1) \right)^{-\left(\frac{1}{91}\right)} - 1$$

Where:

ILBtr(t) = DB Commodity Booster Total Return Index level on day t

ILBtr(t-1) = DB Commodity Booster Total Return Index level on index calculation day t-1

Rt(t) = T-bill return on day t

d(t,t-1) = Number of calendar days between day t and index calculation day t-1 including day t

y(t-1) = 3-month benchmark T-bill yield on index calculation day t-1

DB Commodity Harvest – DJ UBS™ Excess Return

The DB Commodity Harvest DJ UBS™ Excess Return Index is calculated on valid DBLCl business days. DB Commodity Harvest indices are available based on DB Commodity Booster - DJ UBS™ and DJ UBS™ indices¹. The index return is based on the performance of the DB Commodity Booster - DJ UBS™ index and DJ UBS™ index.

$$ILH(t) = ILH(t-1) + (ILB(t) - ILB(t-1)) * UB(t, i) + (ILS(t) - ILS(t-1)) * US(t, i)$$

where

ILH(t) = DB Commodity Harvest - DJ UBS™ Excess Return Index level on day t

ILS(t) = DJ UBS™ index level on day t

US(t) = DJ UBS™ index holding on day t

UB(t) = DB Commodity Booster - DJ UBS™ index holding on day t

A weight of 100% is allocated to the DB Commodity Booster - DJ UBS™ index and a weight of -100% is allocated to DJ UBS™. The index is re-weighted on the 10th business day of each month. The new DB Commodity Booster index holding is expressed as

$$UB(t+1) = \frac{ILH(t) * 100\%}{ILB(t)}$$

For all other days the holding remains constant.

$$UB(t+1) = UB(t)$$

The new DJ UBS™ index holding is expressed as

$$US(t+1) = \frac{-100\% * ILH(t)}{ILS(t)}$$

For all other days the holding remains constant.

$$US(t+1) = US(t)$$

DB Commodity Harvest - DJ UBS™ Total Return Index

The total return index level in USD is expressed as

$$ILHtr(t) = \left(\frac{ILH(t)}{ILH(t-1)} + (1 + Rt(t))^{d(t,t-1)} - 1 \right) * ILHtr(t-1)$$

¹ See Historical Analysis for details of the assumptions

$$Rt(t) = \left(1 - \frac{91}{360} y(t-1)\right)^{-\left(\frac{1}{91}\right)} - 1$$

Where:

ILHtr(t) = DB Commodity Harvest Total Return Index level on day t

ILHtr(t-1) = DB Commodity Harvest Total Return Index level on index calculation day t-1

Rt(t) = T-bill return on day t

d(t,t-1) = Number of calendar days between day t and index calculation day t-1 including day t

y(t-1) = 3-month benchmark T-bill yield on index calculation day t-1

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