

Evaluating Commodities ETFs:

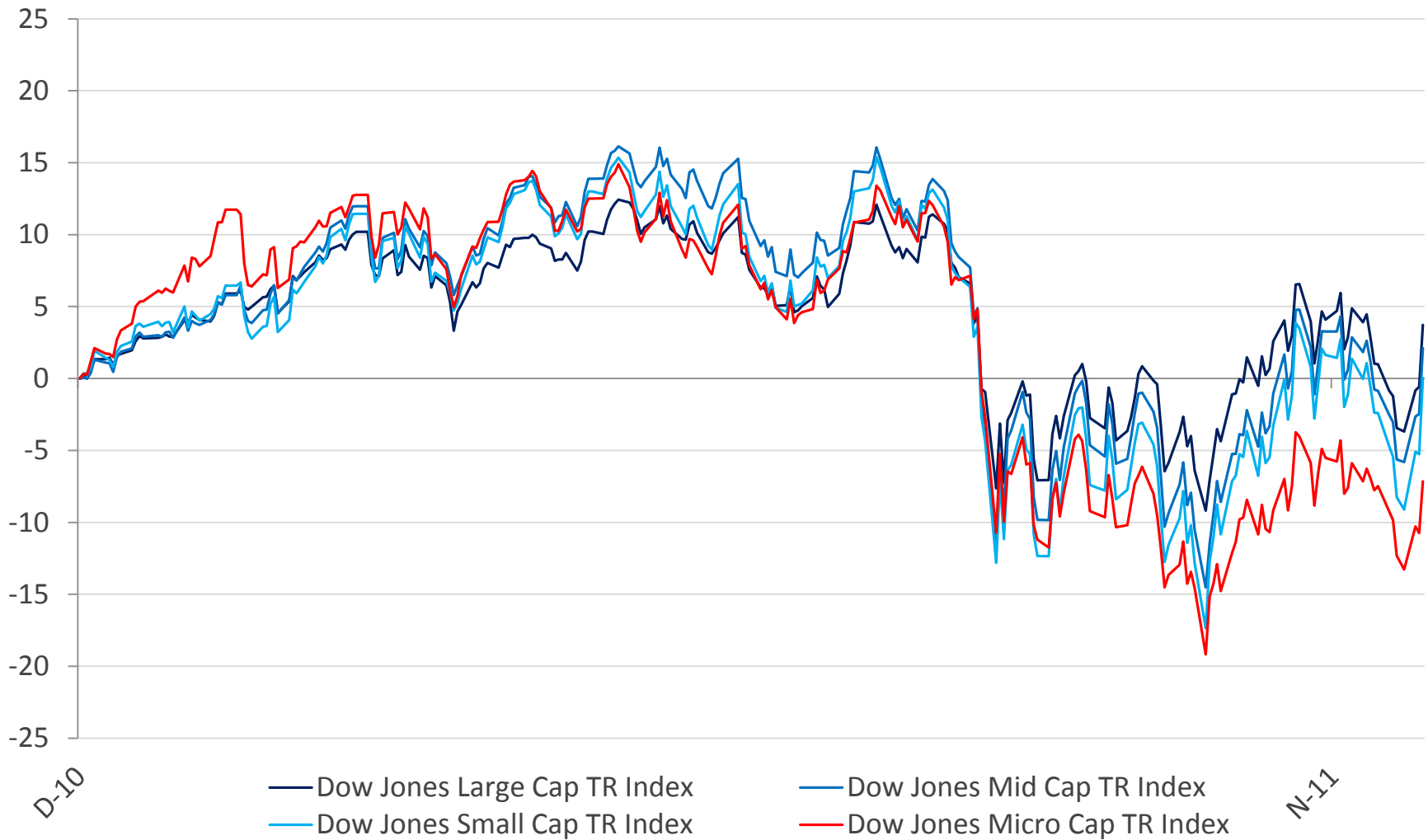
How To Choose
The Best Broad-Market
Commodity Fund

Laura Morrison, *Moderator*
SVP, Global Index and ETF Products
NYSE Euronext

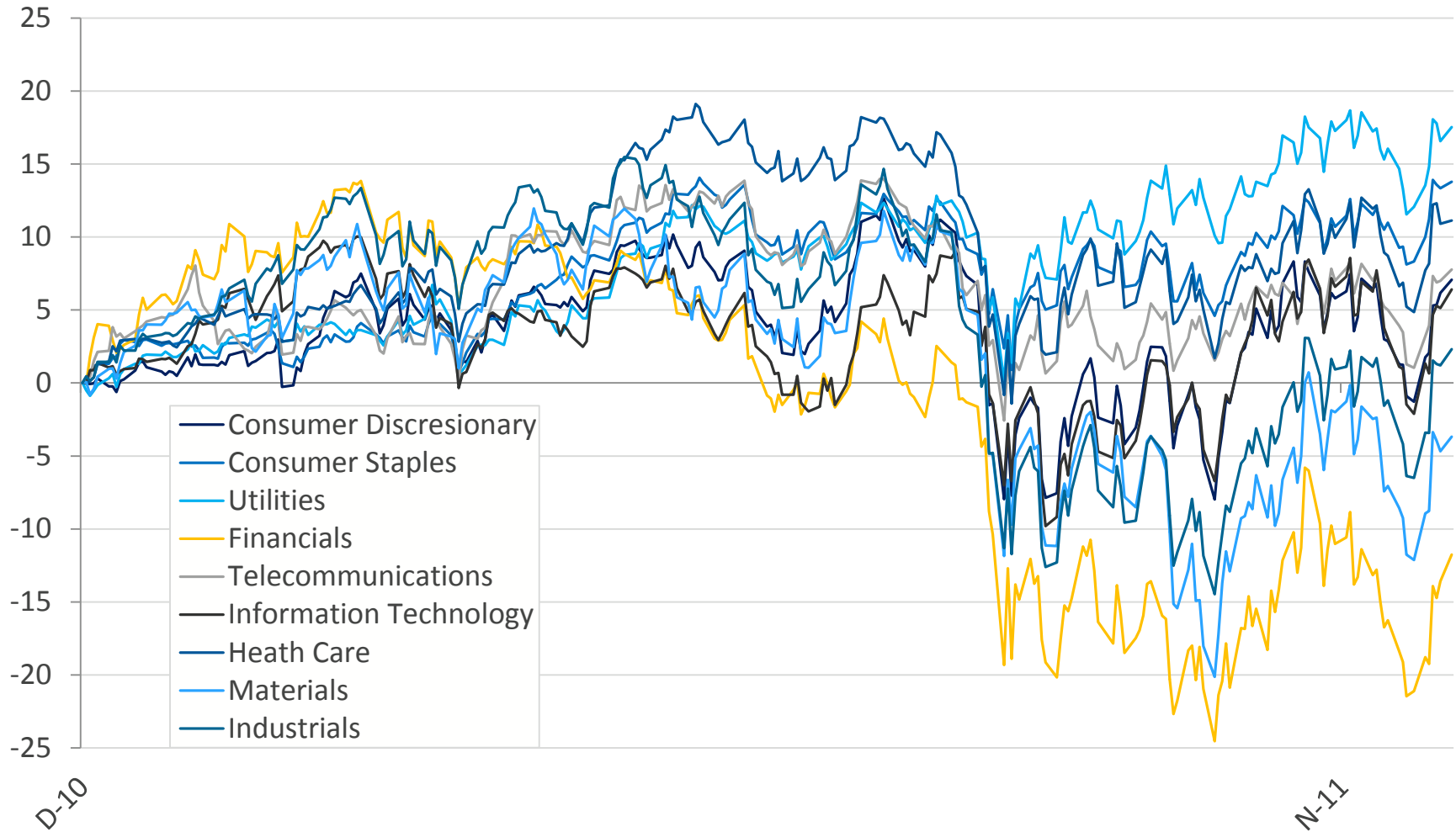
Dave Nadig, *Panelist*
Director of Research
IndexUniverse

Matt Hougan, *Panelist*
President, ETF Analytics
IndexUniverse

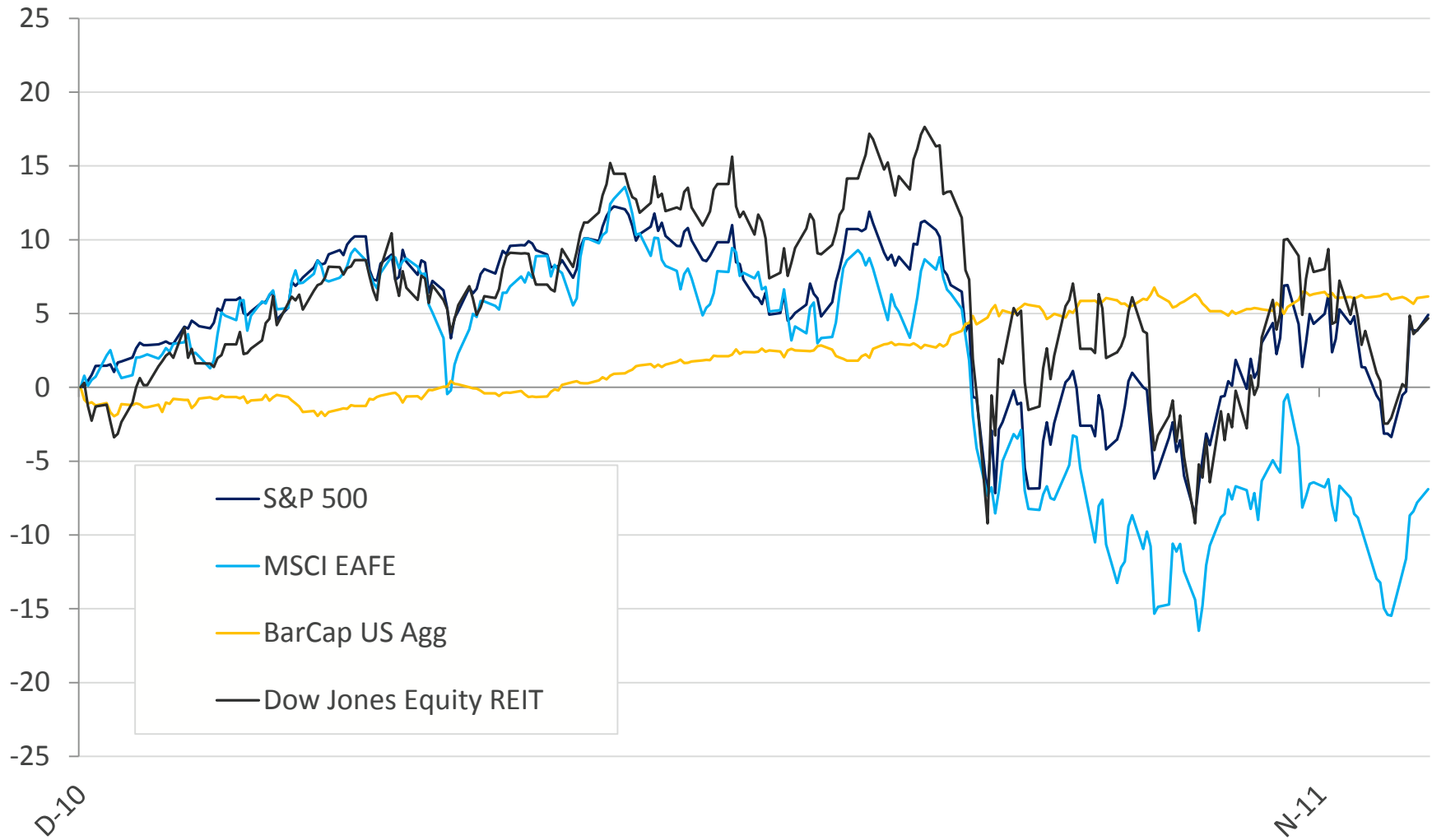
Equity Performance



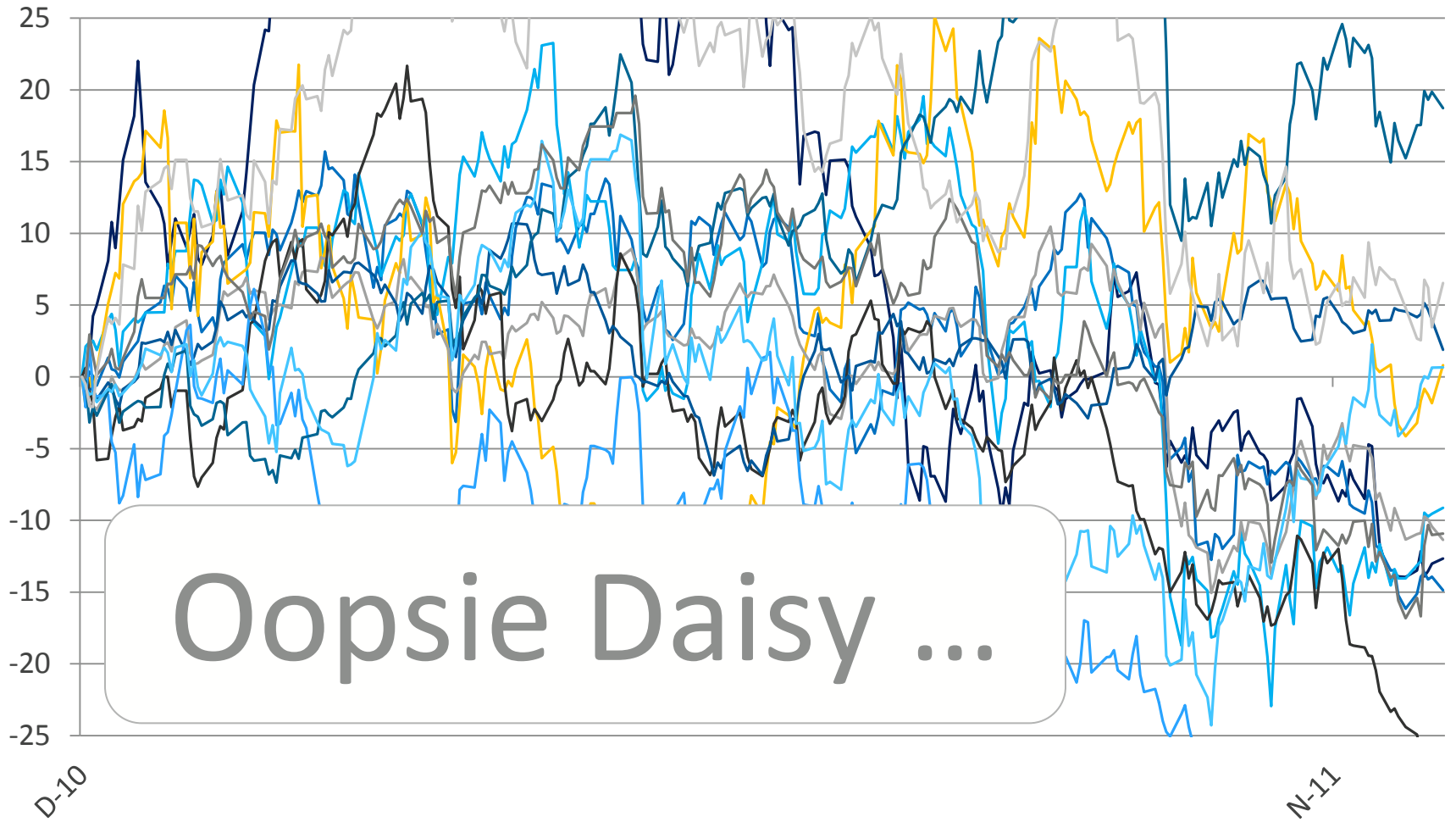
Equity Sector Performance



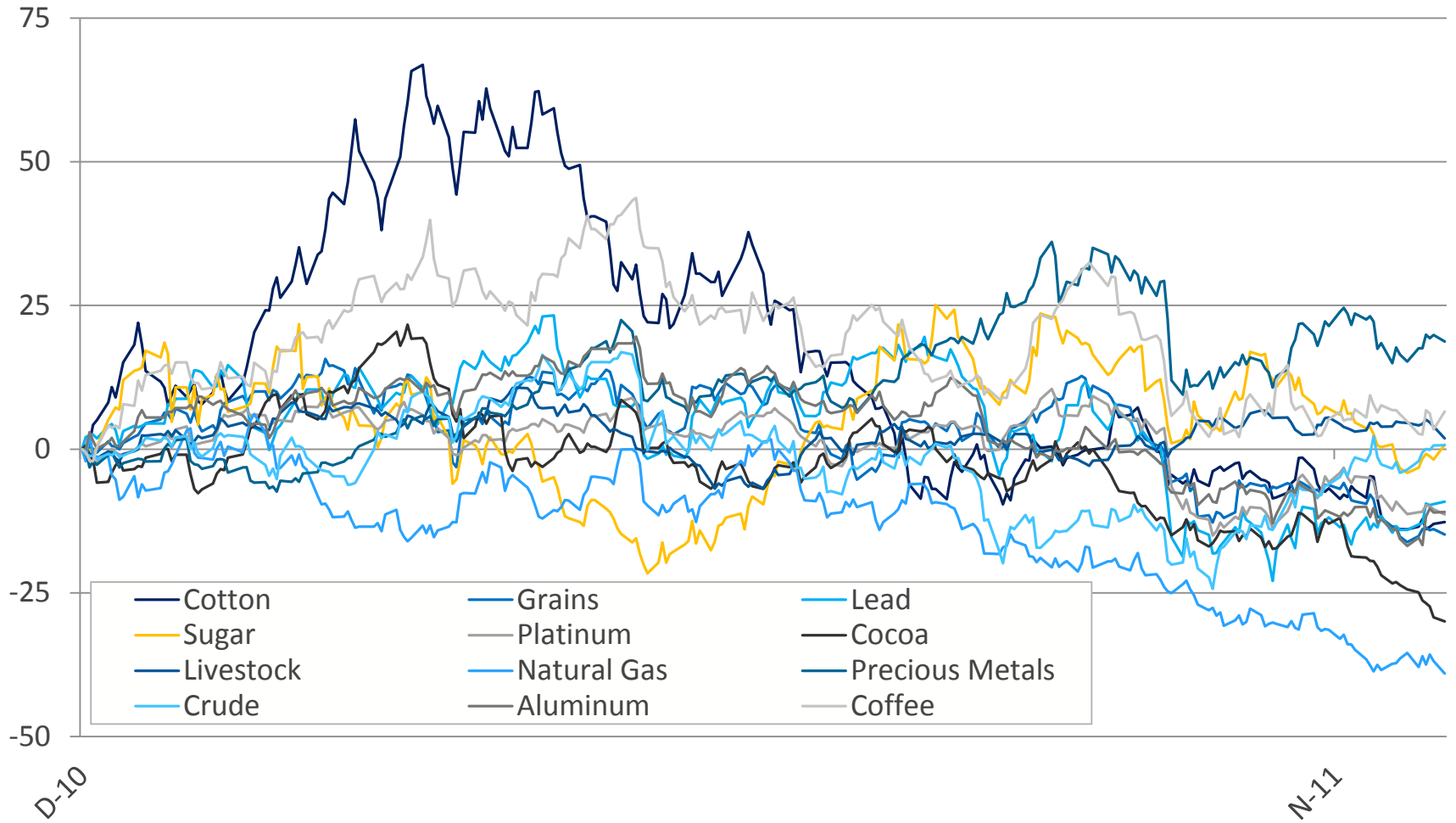
Other Asset Class Performance



Commodities Performance



Commodities Performance



Lots of Choices

PowerShares DB
Commodity Index

DPU

PowerShares DB Commodity Indexing ETN

iPath® Pure Beta Broad Commodity ETN (BCM)



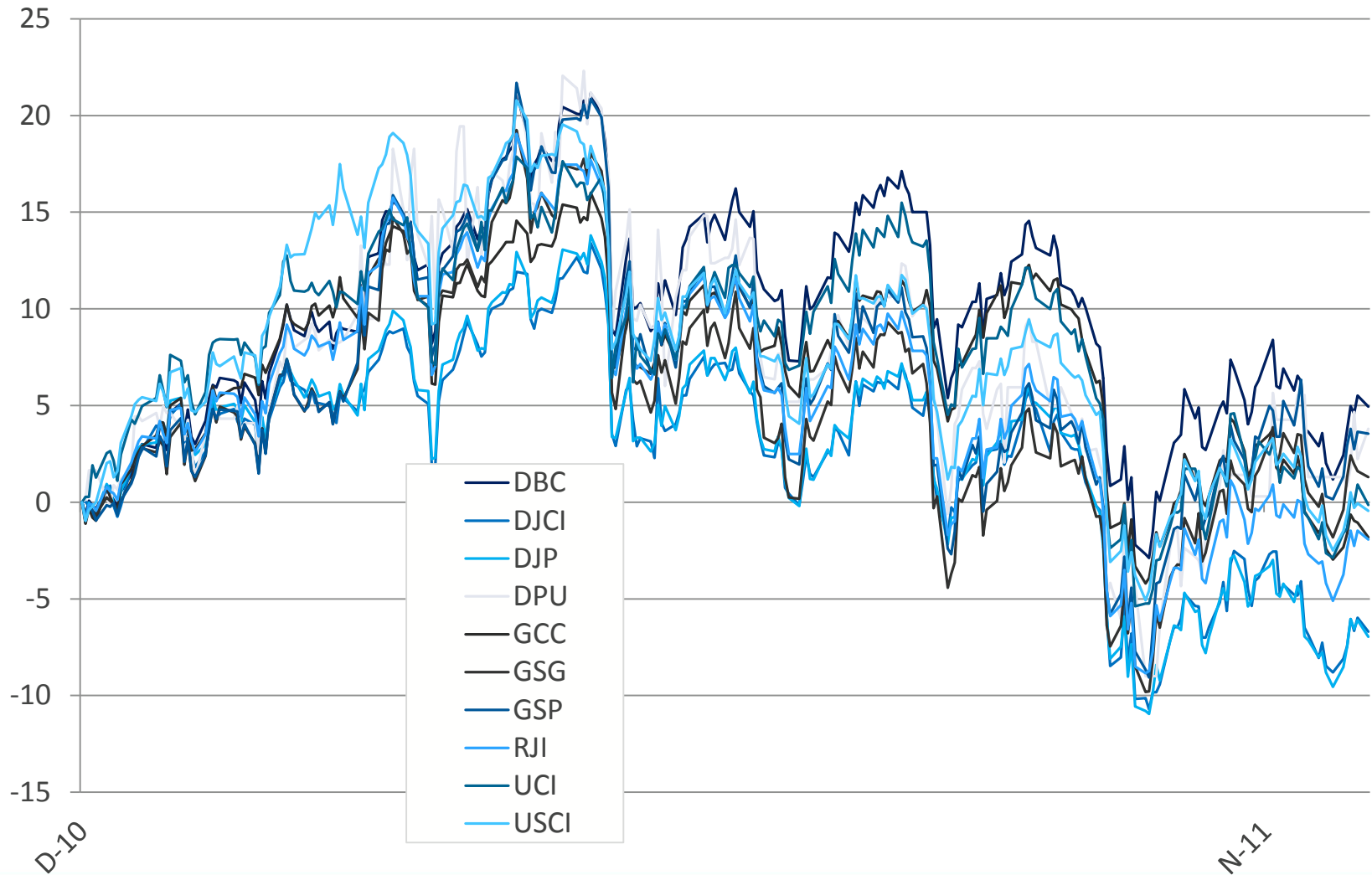
iPath® S&P GSCI Total Return Index ETN (GSP)

ETRACS DJ-UBS Commodity

ELEMENTSSM Linked to the Roger Jones Commodity Index - Total ReturnSM (RJI)

iPath® Pure Beta S&P GSCI Total Return

The Big 10



Exchange Traded Fund

Efficiency

(Can I trust it?)

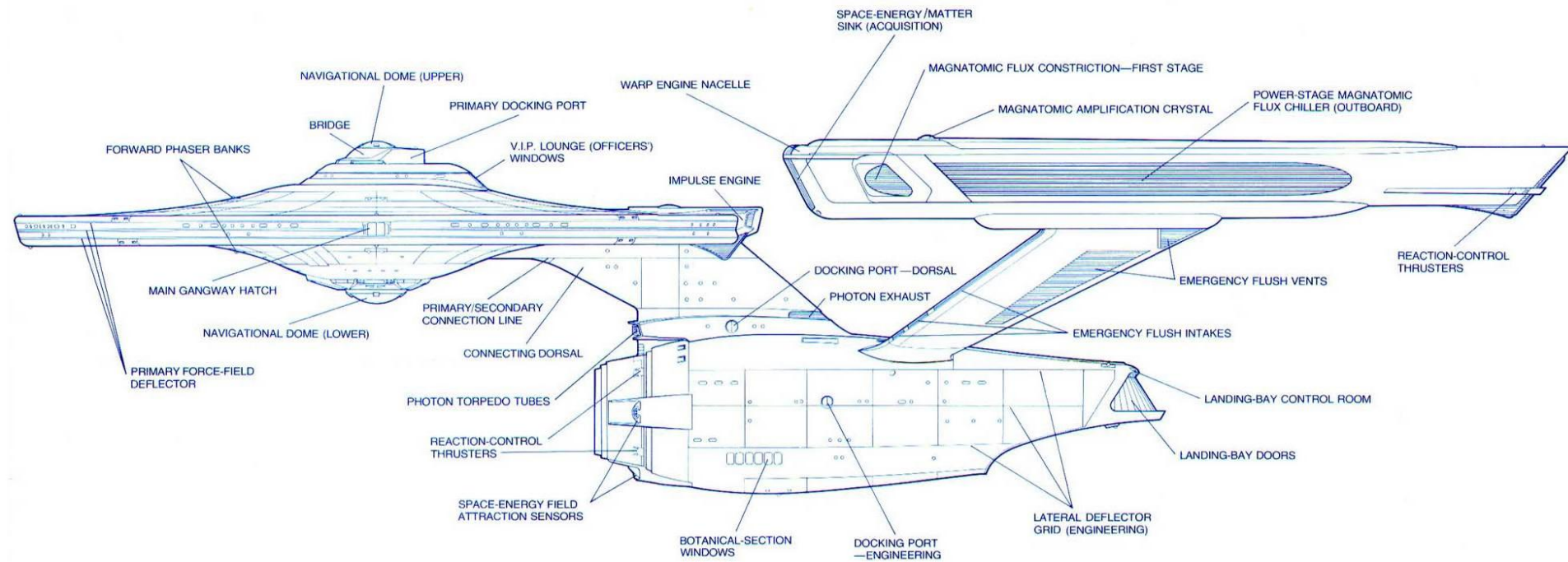
Tradability

(Can I trade it?)

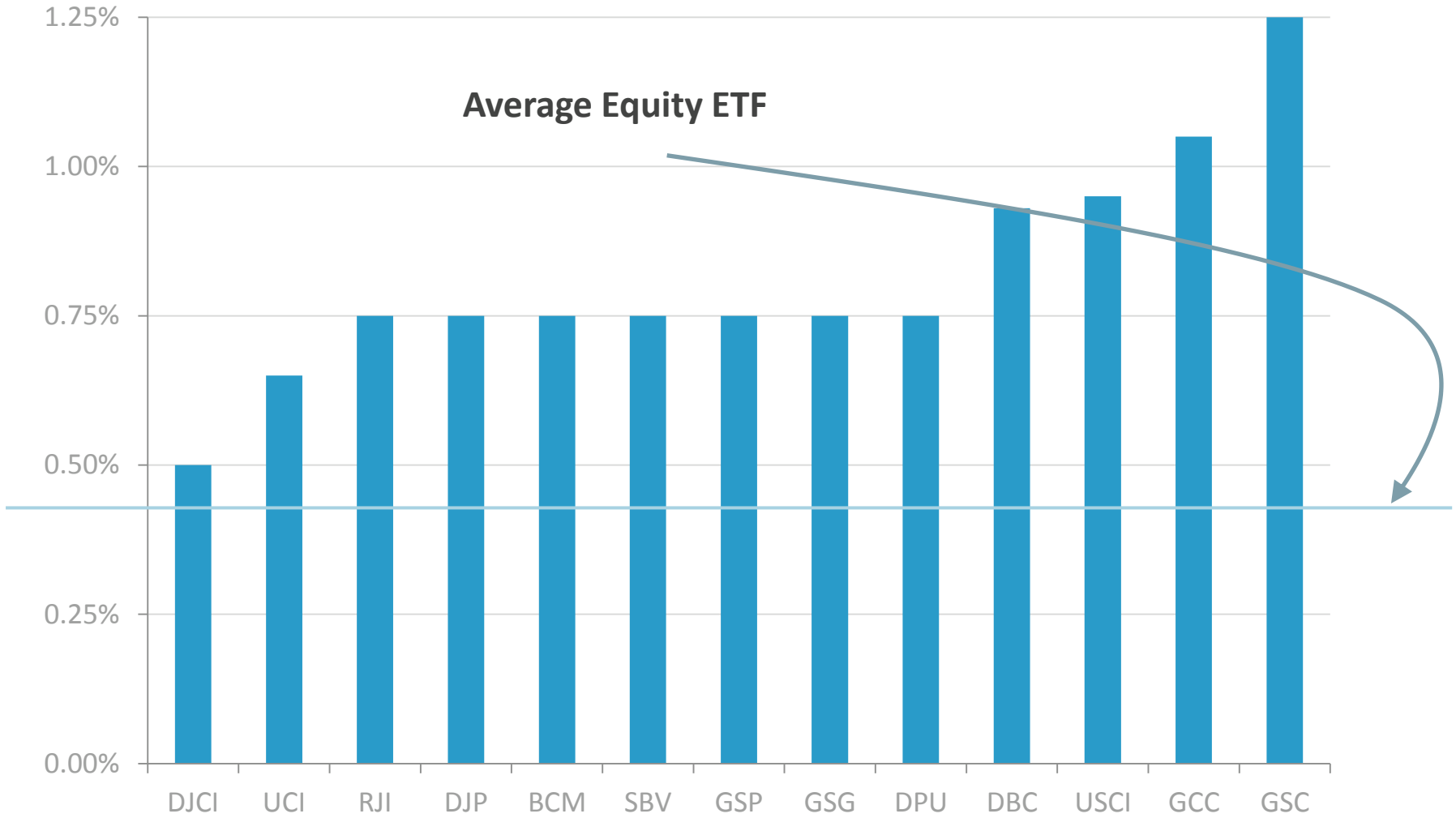
Fit

(Can I do better?)

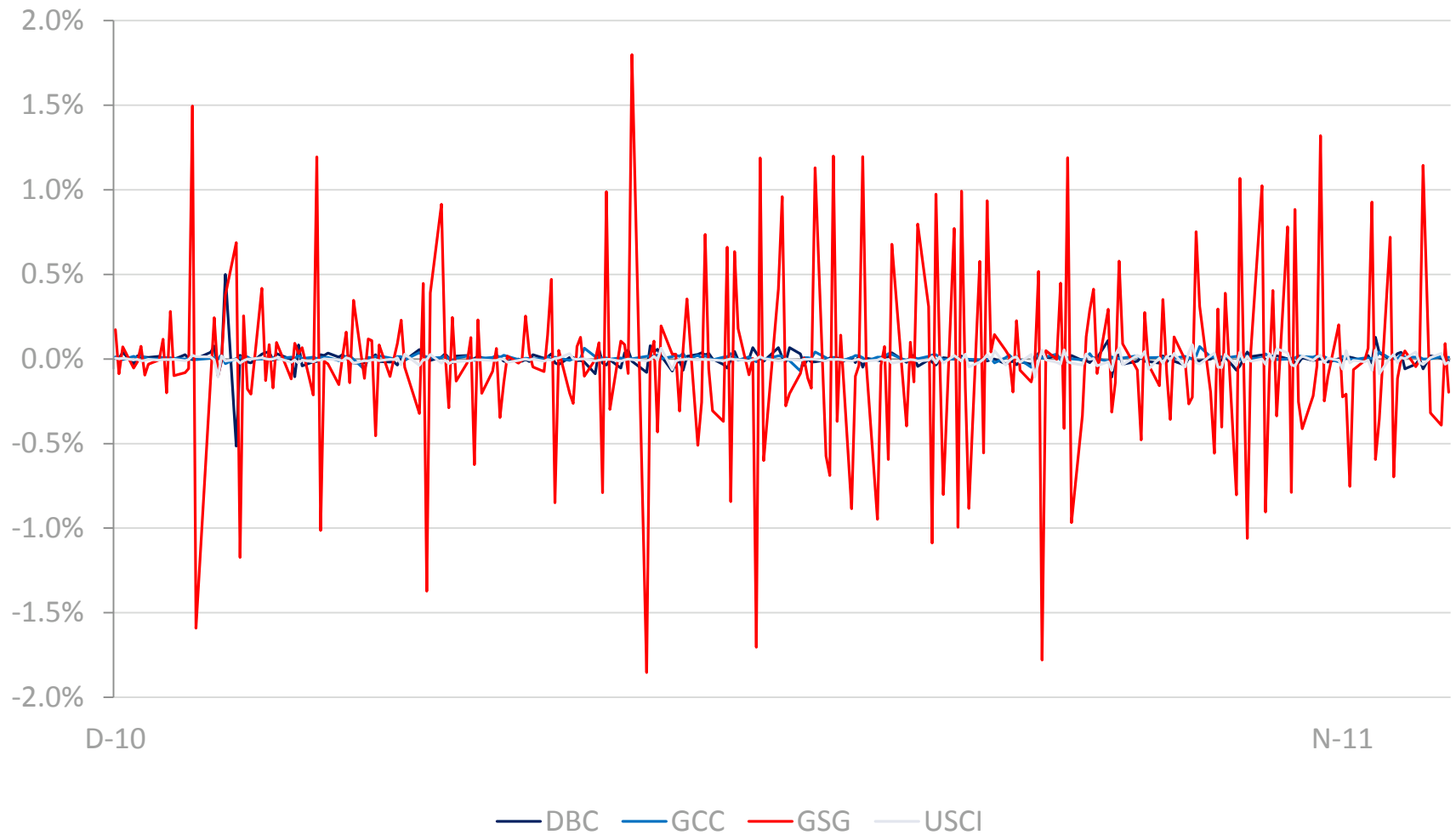
Efficiency



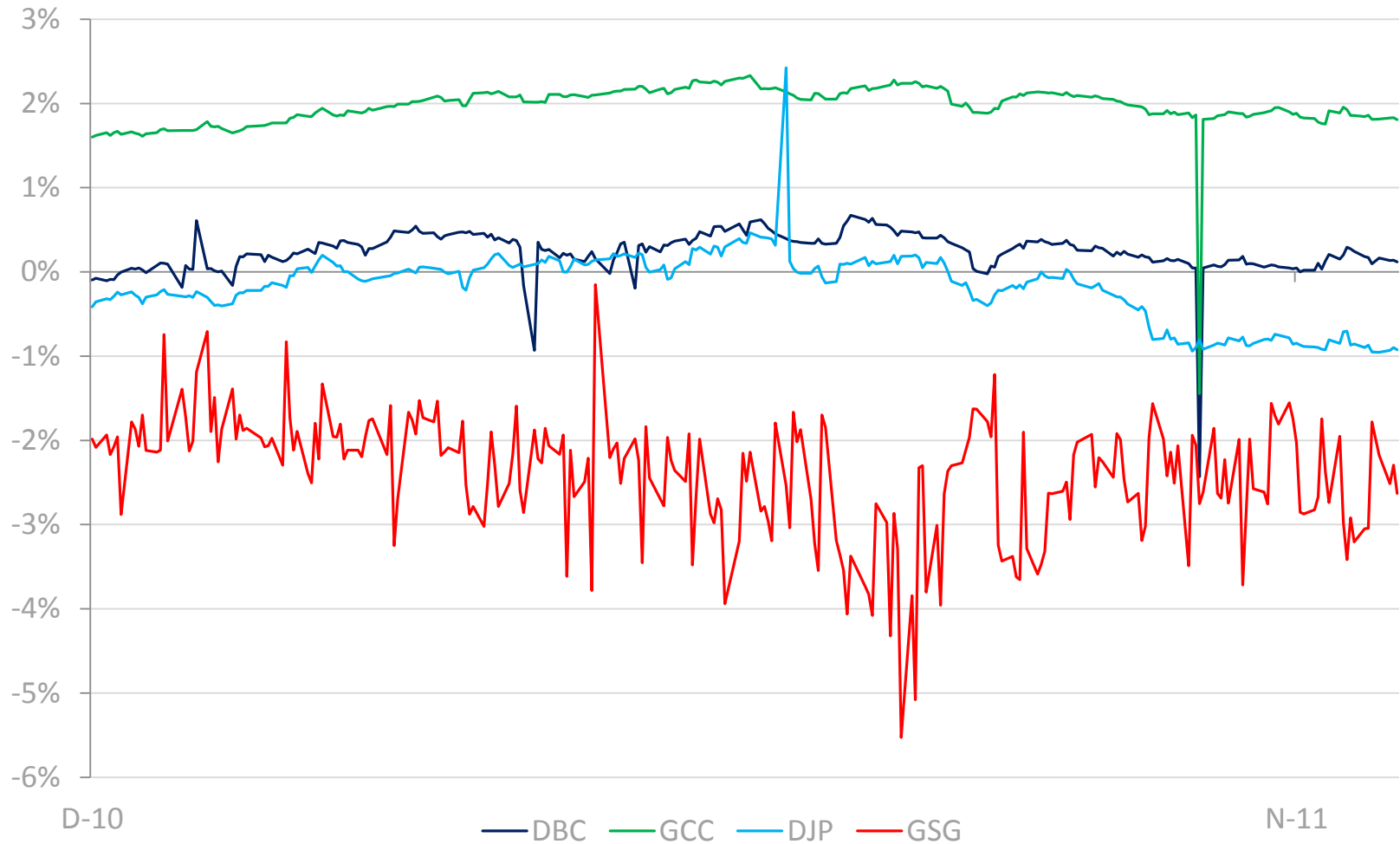
Commodities are Spendy



Tracking Error Matters



Rolling 1-Year Periods



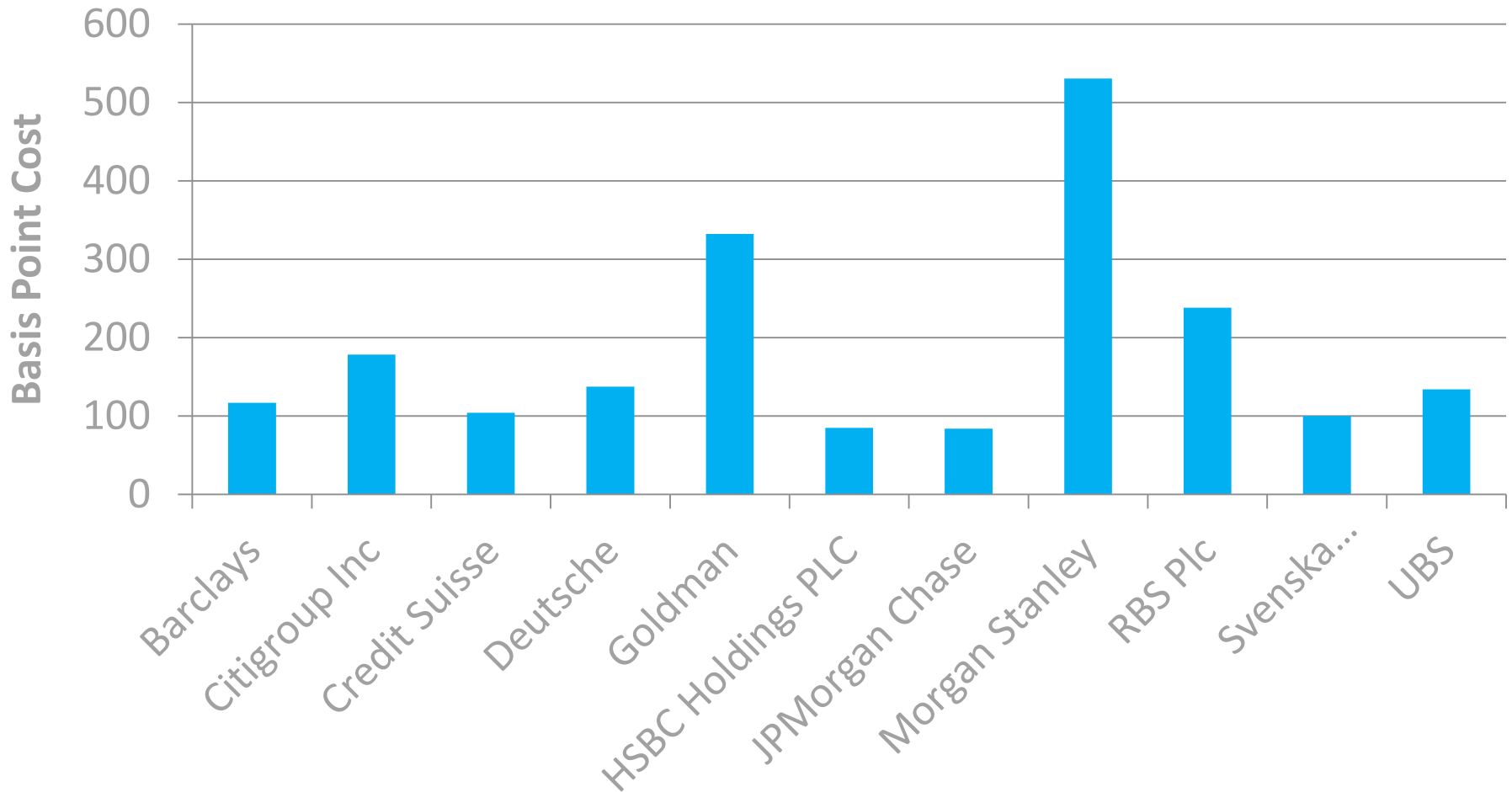
Taxes

	Limited Partnership ETF	ETN
Tickers Affected	DBC, GCC, GSG, USCI	BCM, DJCI, DJP, DPU, GSC, GSP, RJI, SBV, UCI
LT Tax Rate	Irrelevant	15%
ST Tax Rate	Irrelevant	35%
LT/ST Split	60%/40%	Irrelevant
Mark-to-Market?	At year-end	Nope
K-1 Form?	Yes	Nope



ETN Issuer Counterparty Risk

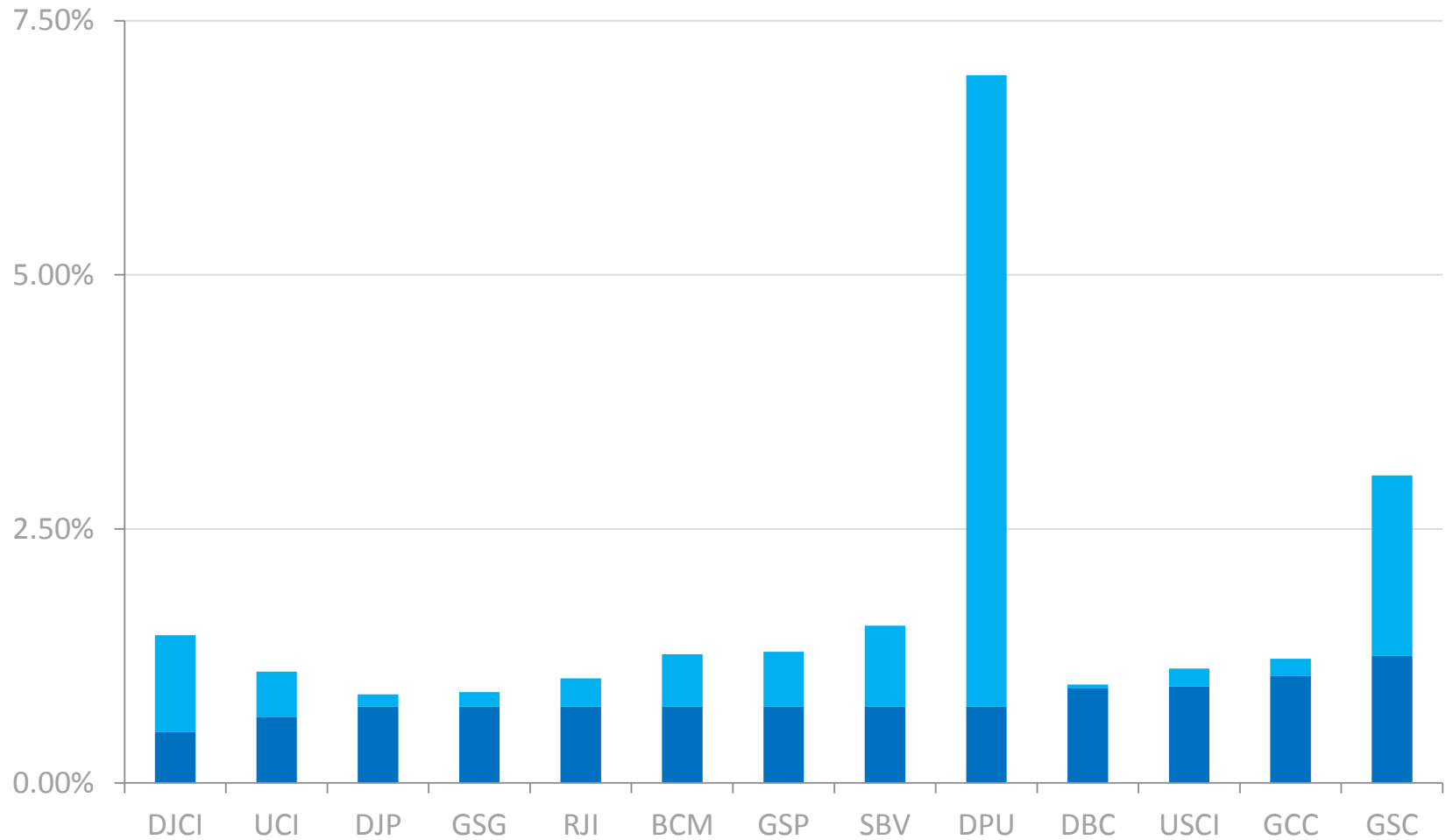
CDS Rates, 12/8/11



Trading



Spreads!



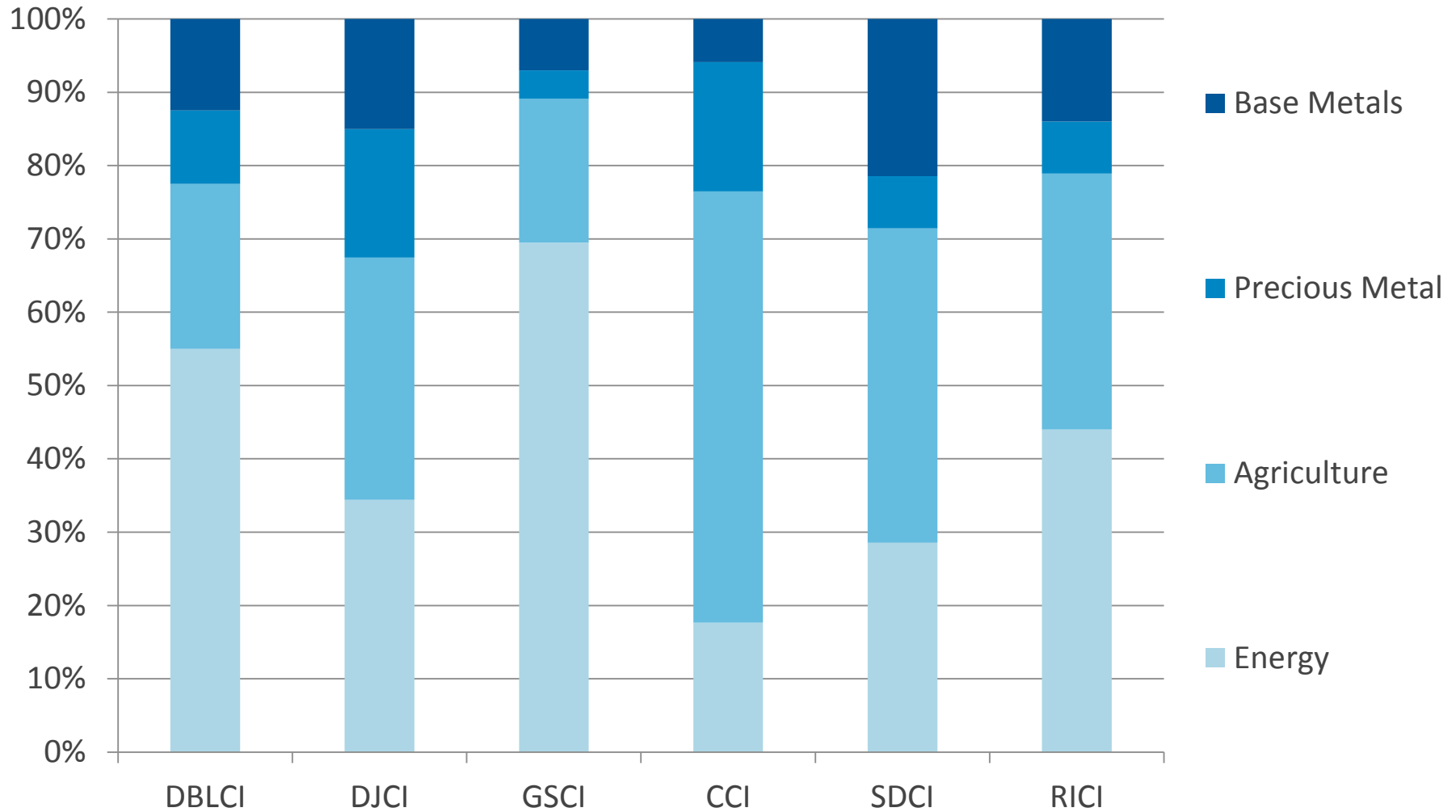
1 Year Premia/Discounts



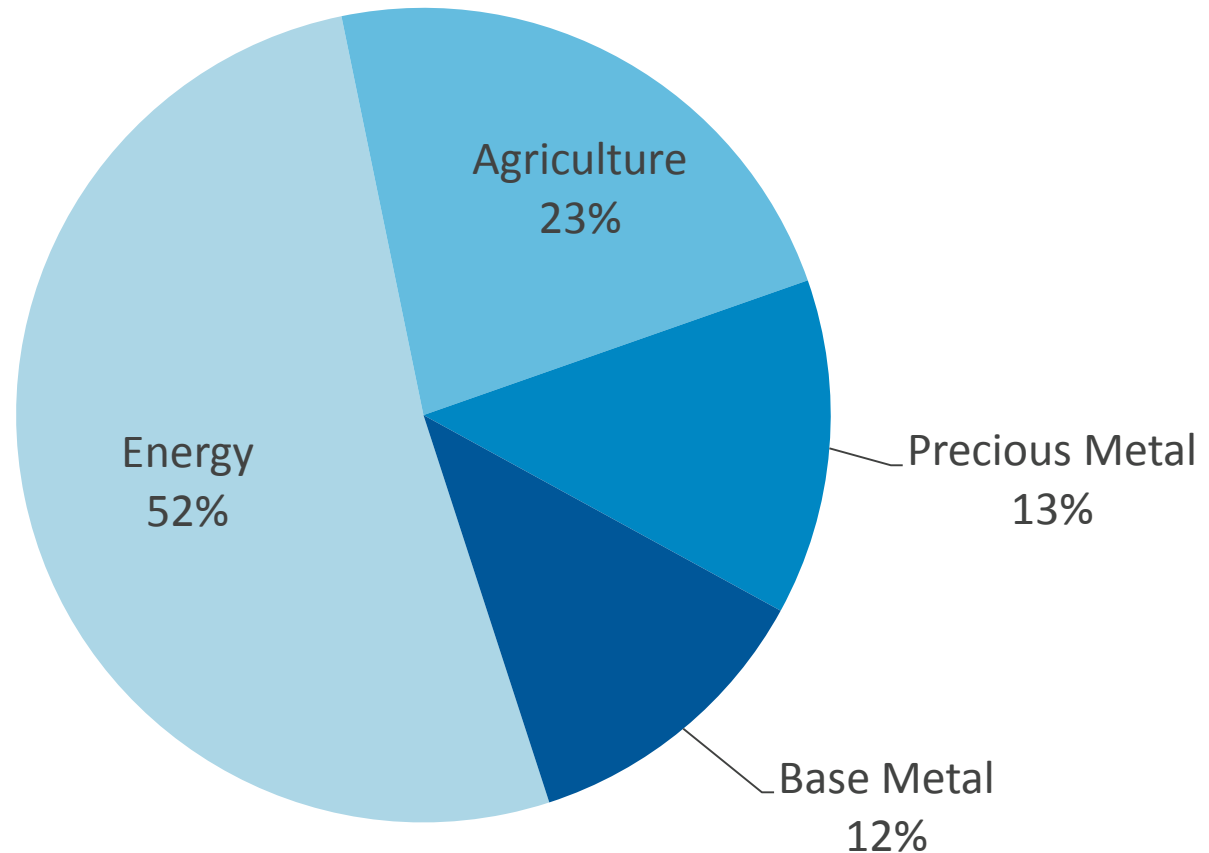
Fit



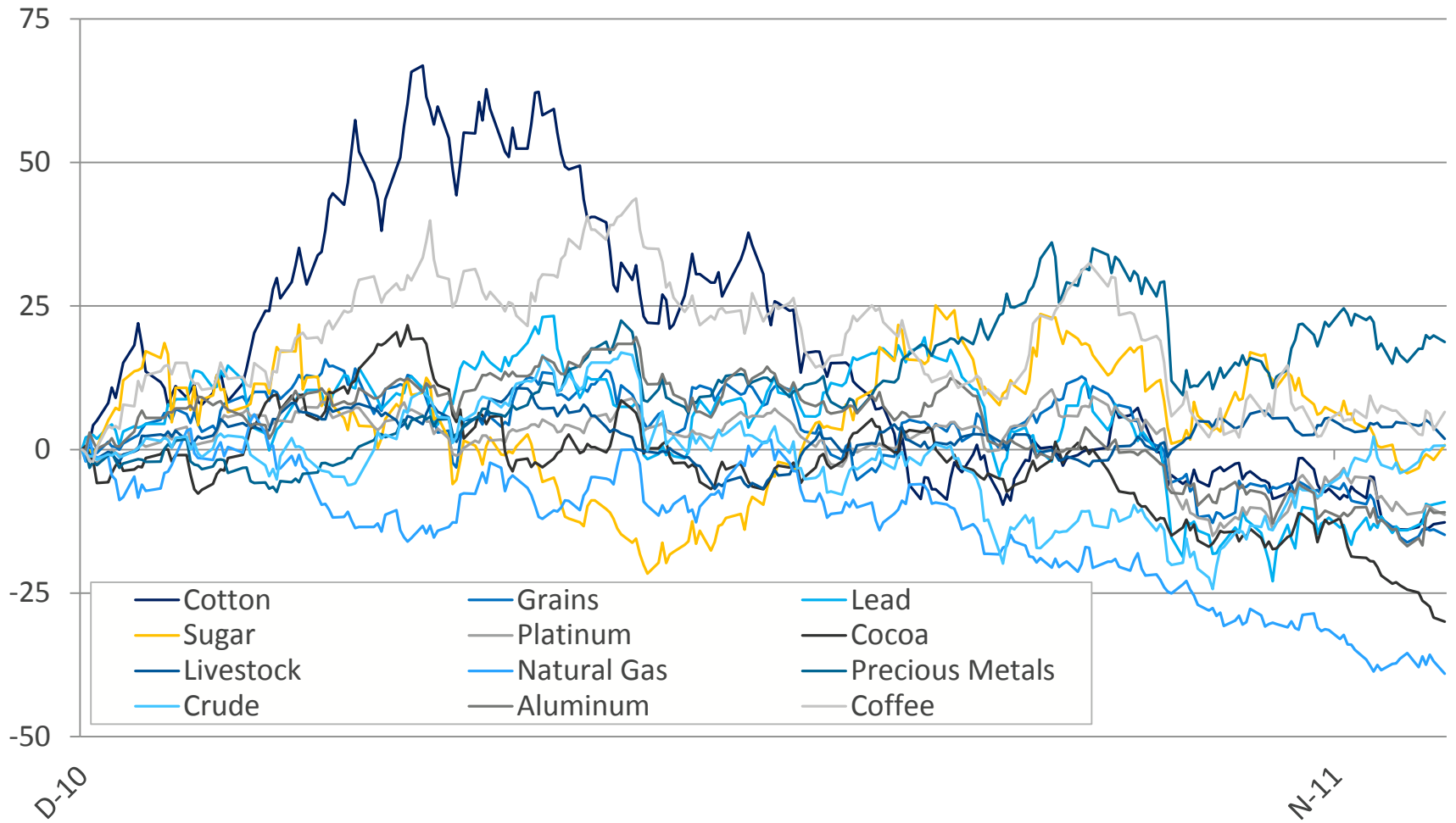
What's the Market Cap of Wheat?



Maybe Open Interest?

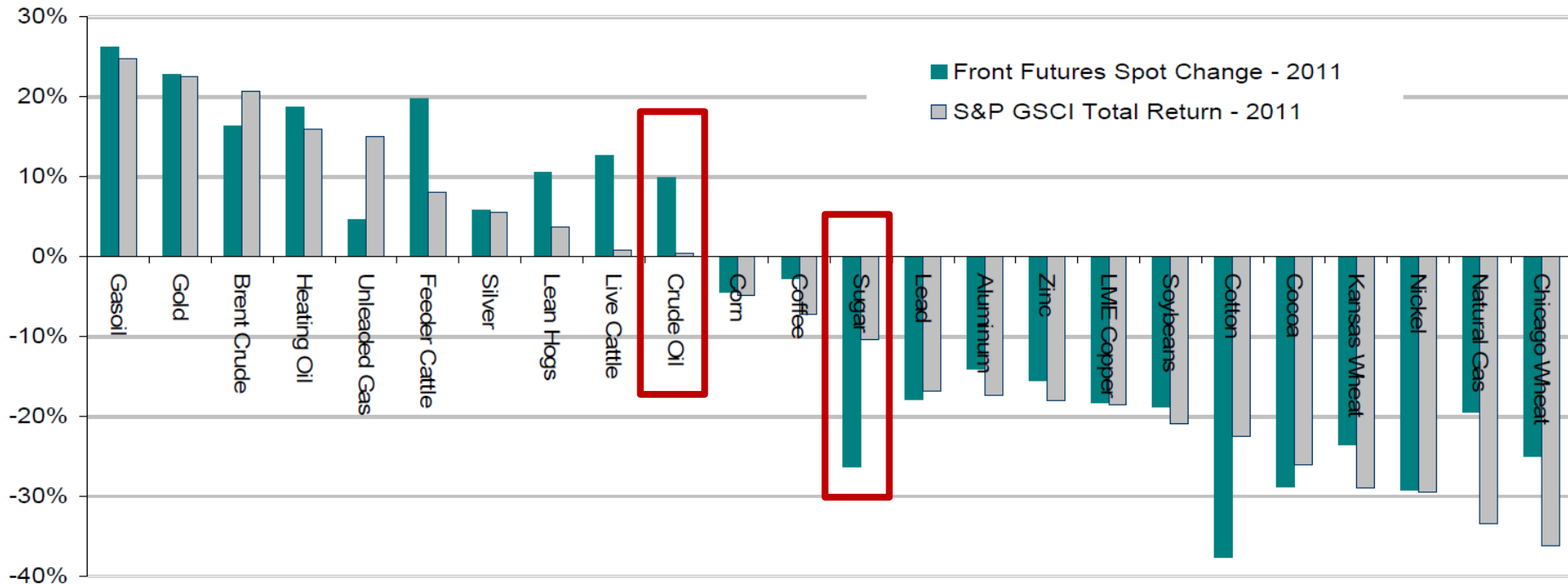


Commodities Performance



The Best Commodities Chart (Part 1)

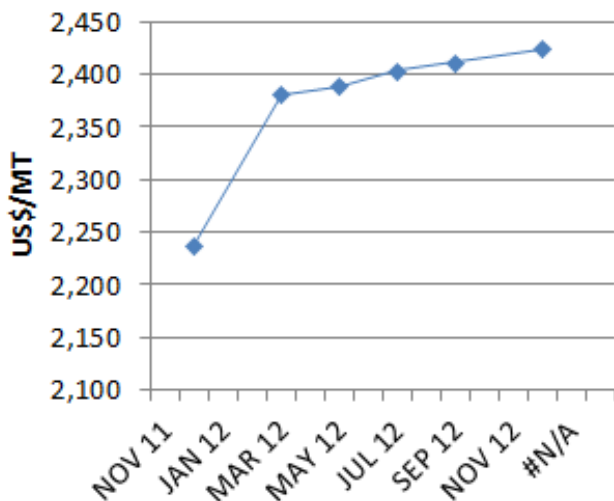
Exhibit 8: S&P GSCI Single Commodity TR and Front Futures Spot Changes YTD through November 2011



Source: Standard & Poor's, Bloomberg. Data as of November 30, 2011. Graphs are provided for illustrative purposes. Past performance is not a guarantee of future results.

The Best Commodities Chart (Part 2)

Cocoa Curve



Current Annualized Cost

28.11%

Annualized Cost 1 Week Previous

28.64%

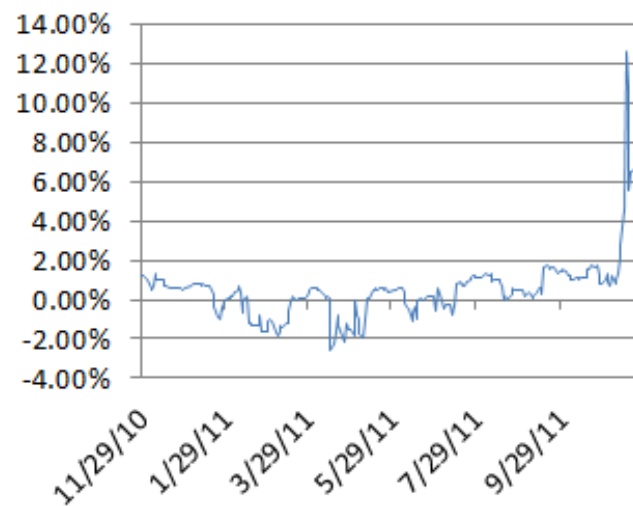
Historical 11/27 5YR Annualized Roll

6.33%

Contract Months:

Mar May Jul Sep Dec

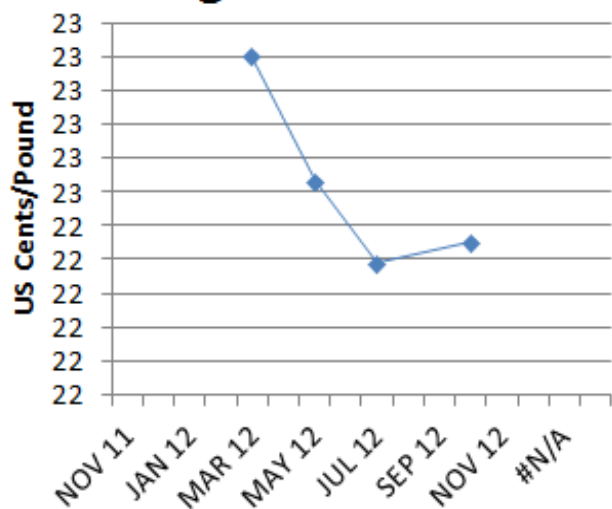
Cocoa Roll Cost



Source: HardAssetsInvestor.com

The Best Commodities Chart (Part 2)

Sugar #11 Curve



Current Annualized Cost

-9.31%

Annualized Cost 1 Week Previous

-11.43%

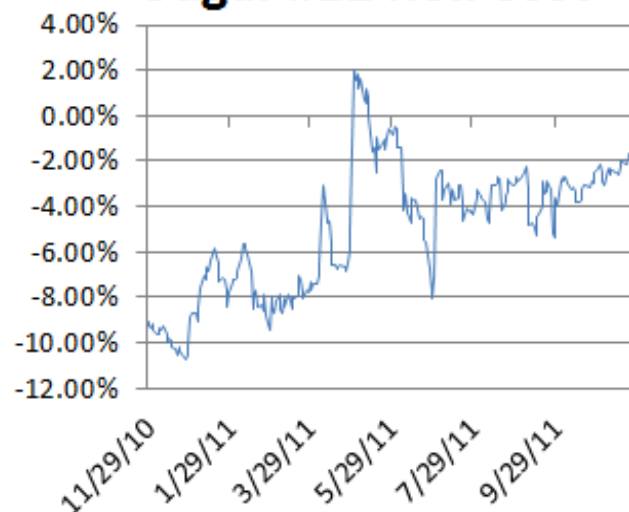
Historical 11/27 5YR Annualized Roll

-6.05%

Contract Months:

Mar May Jul Oct

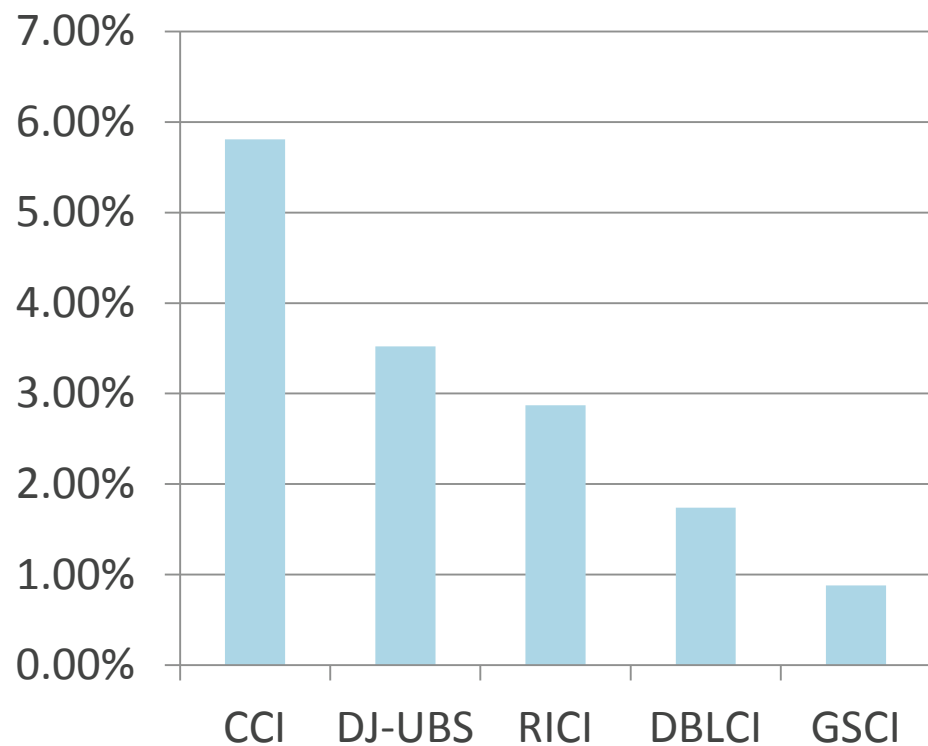
Sugar #11 Roll Cost



Source: HardAssetsInvestor.com

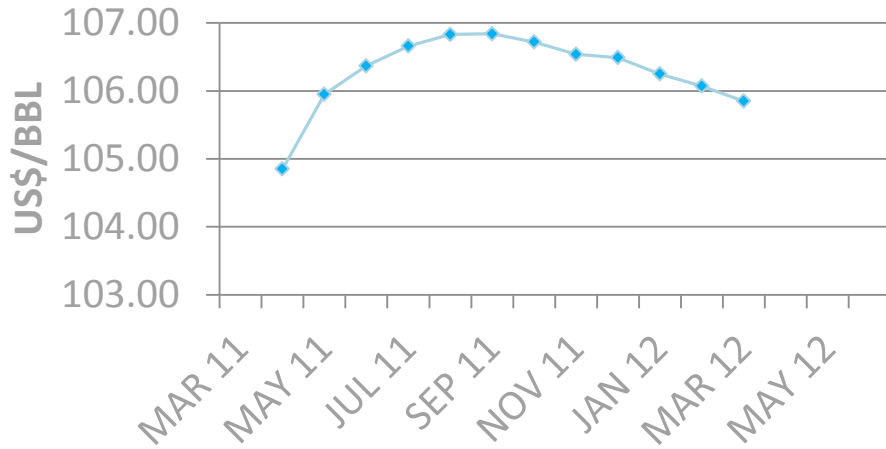
Implied Headwinds

Implied Annualized Roll Cost

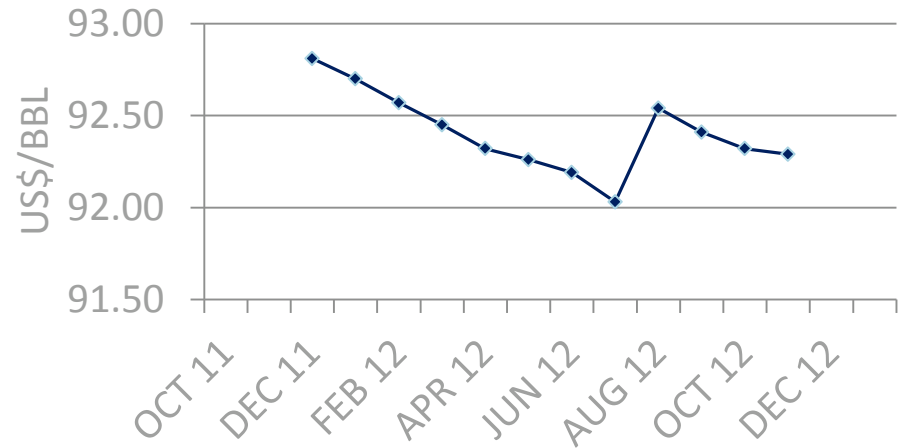


No Status Quo

WTI in March 2011

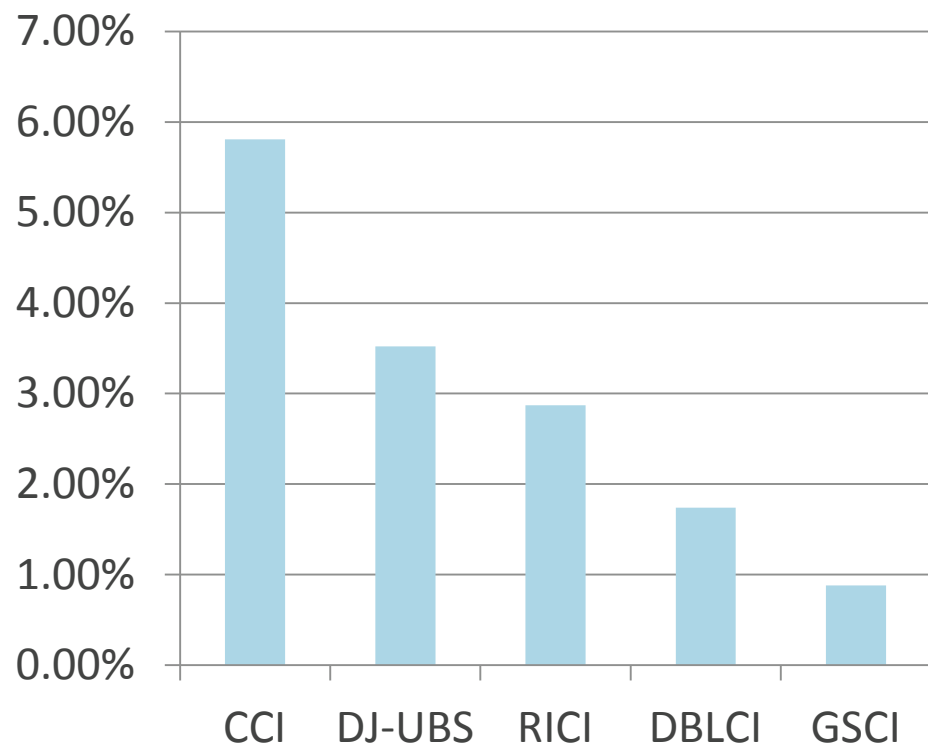


WTI in October 2011

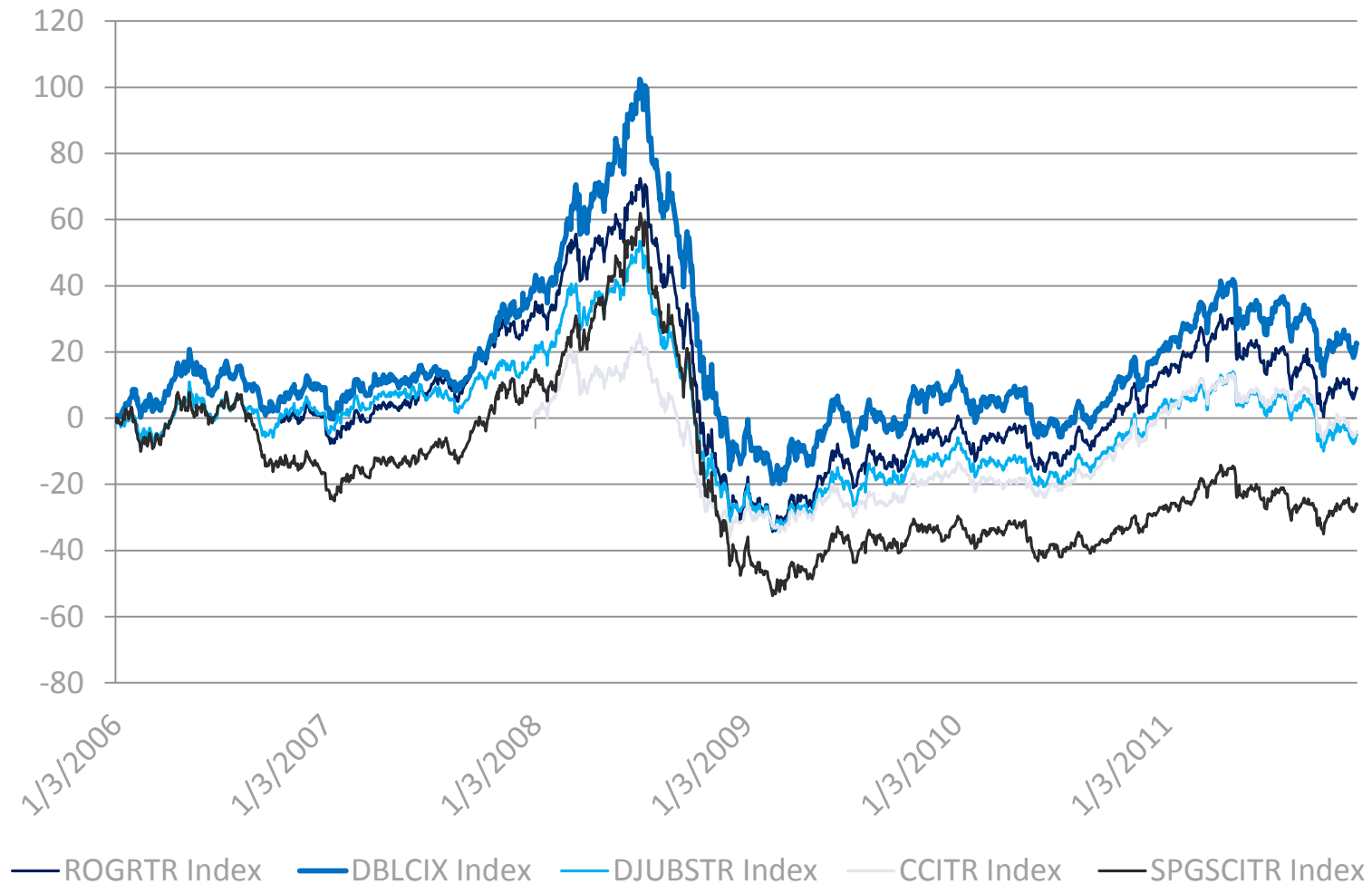


Implied Headwinds

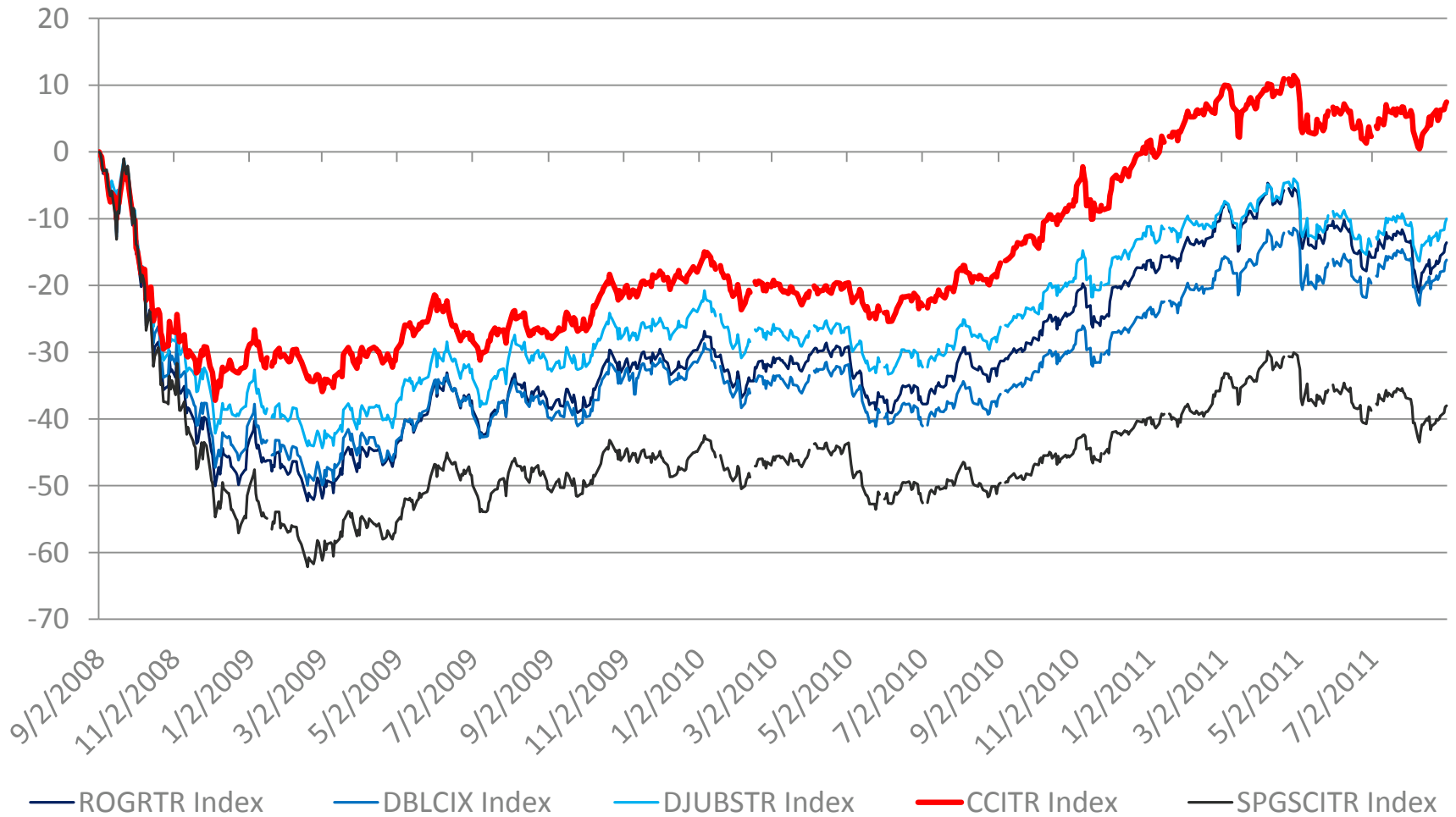
Implied Annualized Roll Cost



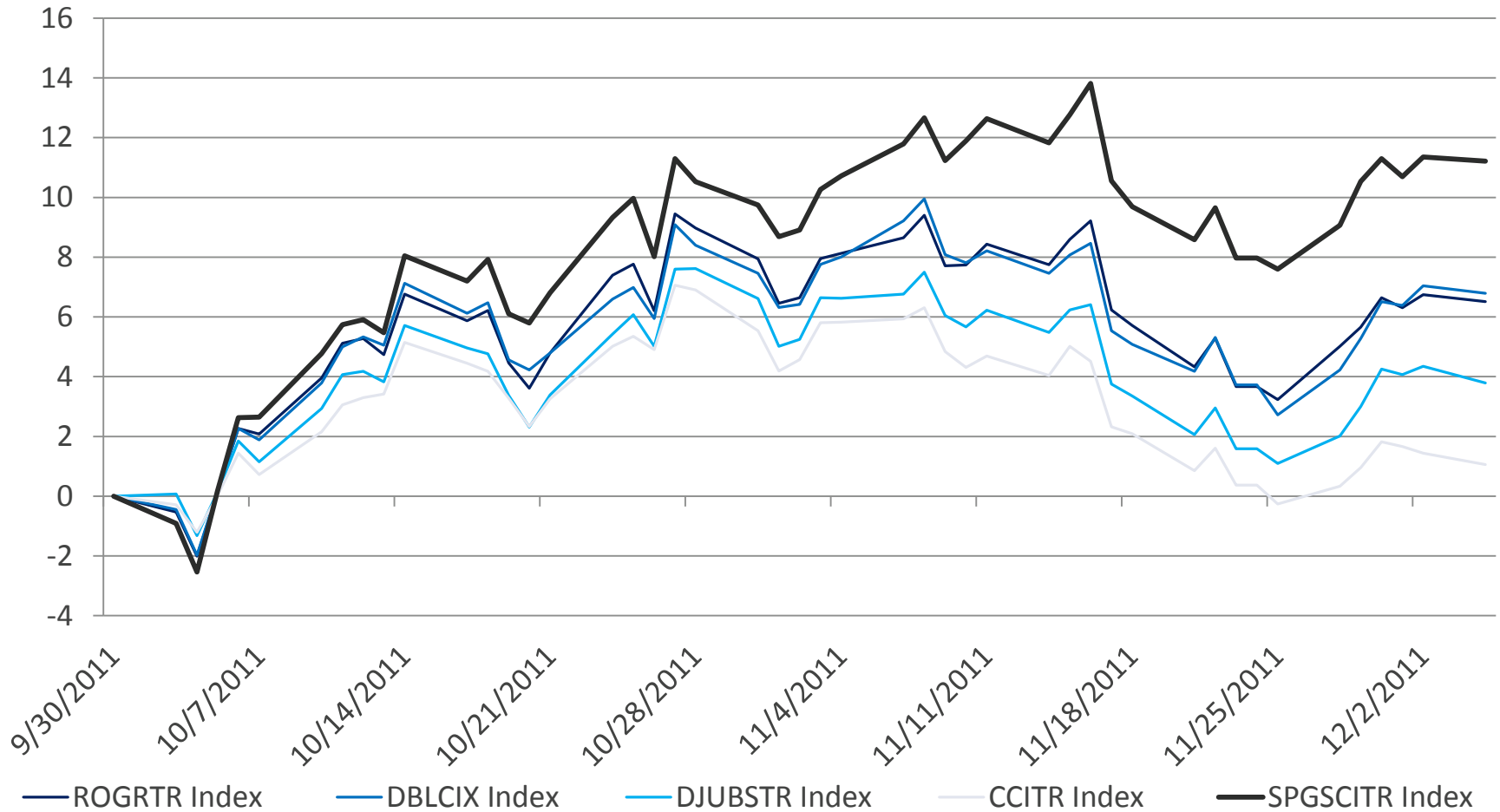
It all depends



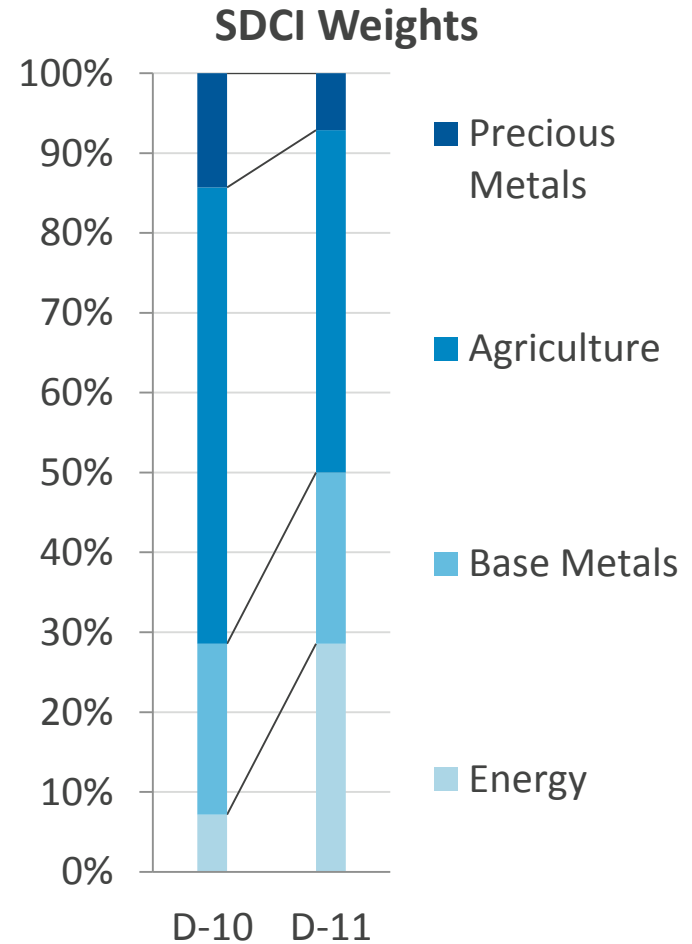
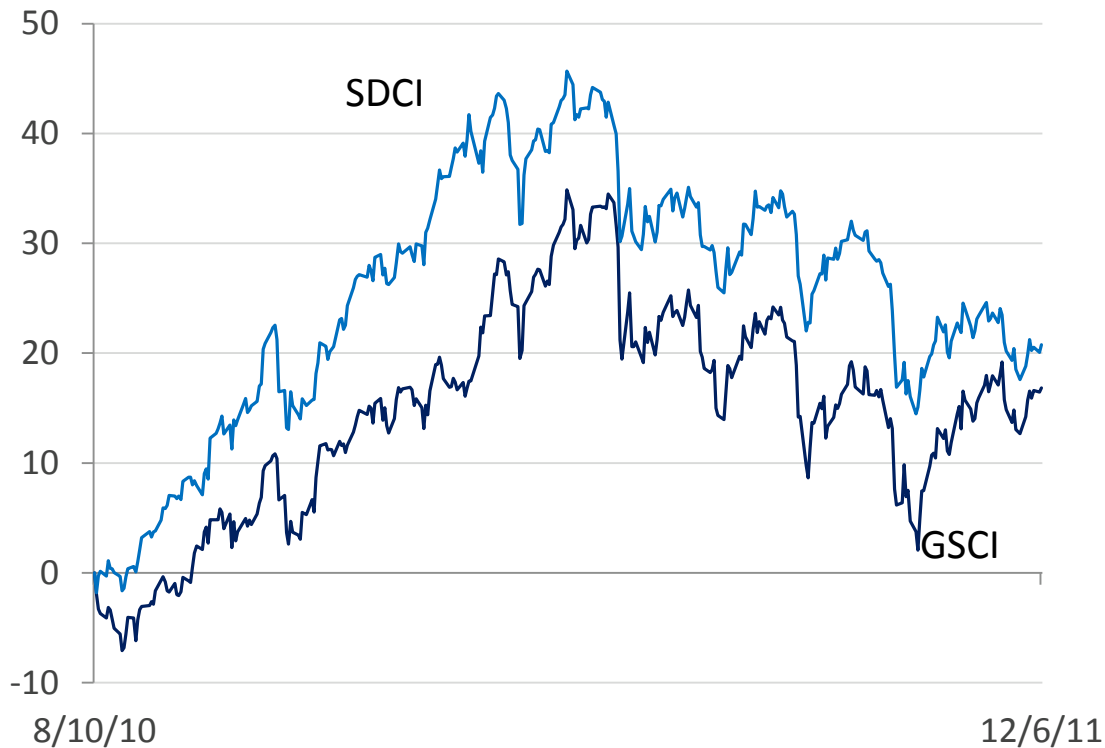
It all depends



It all depends



Something Different? SDCI



To conclude ...

- 1: An active decision about your passive index
- 2: Total Cost: Expense Ratio + Spreads
- 3: Risks: Contango + Counterparty
- 4: Taxes

