Harvesting volatility risk premia in commodities: DB Brent Short Volatility II index (cont.)

Area of expertise: Capital markets
Theme: Current tactical ideas

Index summary

- **Transparent**: the strategy is fully transparent as it is based on listed option prices
- **Market Neutral**: the strategy is constructed using a basket of options and implies limited directional exposure to Brent front month prices
- **Rebalancing**: the index is rebalanced every year to provide equal exposure over the course of the year
- **Embedded Cost**: index cost is embedded in the after cost implied volatility calculation
- **Transparency**: rules-based index with the closing level published on Bloomberg page DBCMBSV2 <index>
- **Risk: losses , and mark to market losses , resulting from increase in volatility**

Comparative performance analysis[1]

Jan 2008 – Oct 2014[2]	DB Brent Short Volatility II	S&P 500
Annualized Returns	21.4%	6.0%
Volatility	12.8%	23.3%
Sharpe Ratio	1.67	0.26
Maximum Drawdown	-27.2%	-52.5%
Start Date	Jan-08	Dec-07
End Date	Dec-08	Mar-09
Max Monthly Consecutive Loss	-19.6%	-29.6%
Start Date	Sep-08	Sep-08
End Date	Dec-08	Nov-08
Max / Min Returns		
Rolling 12 Months	83.7% / -25.9%	72.3% / -47.5%
Rolling 3 Months	25.8% / -20.6%	40.4% / -40.9%
Average Monthly Returns	1.7%	0.7%
% Months with Gains	71.6%	64.2%
Correlation		
S&P 500	0.28	1.00

Year on year performance comparison[1]

	Annual Returns for Excess Return Indices	
Calendar Year	DB Brent Short Volatility II	S&P 500
2008	-25.95%	-37.00%
2009	83.19%	26.46%
2010	30.65%	15.06%
2011	22.60%	2.11%
2012	38.04%	16.00%
2013	20.22%	32.39%
2014 YTD	3.50%	3.22%
Annualized Return	**21.40%**	5.98%

(1) Source: Bloomberg. DB Brent Short Volatility II Index has been retrospectively calculated and did not exist prior to 04 March 2014. Accordingly, the results shown during the retrospective periods do not reflect actual returns. Past performance is not necessarily indicative of how the index will perform in the future. The performance of any investment product based on the DB Brent Short Volatility II Index have been lower than the Index as a result of fees and / or costs. Statistics shown are for excess return indices except S&P 500 (SPTR <index>), which is a total return index. Data is as of 14 Oct 2014