

## ETFS Leveraged Cotton

### Investment Objective

ETFS Leveraged Cotton (LCTO) is designed to provide investors with a total return equivalent (before fees and expenses) to 200% of the daily percentage change in the Dow Jones-UBS Cotton Subindex<sup>SM</sup> (the "Sub Index"), which is an index tracking the futures price of cotton plus a collateral yield.

LCTO is an Exchange Traded Commodity ("ETC") that can be created and redeemed on demand (by Authorised Participants). It trades on exchanges just like an equity and its pricing and tracking operates similarly to an Exchange Traded Fund.

The ETC is backed by contracts (fully funded swaps) with counterparties whose payment obligations are backed by collateral which is marked to market daily. The collateral is held in pledge accounts at The Bank of New York Mellon. Details of the collateral held are available at:

[www.etfsecurities.com/en/securities/etfs\\_collateral.asp](http://www.etfsecurities.com/en/securities/etfs_collateral.asp).

### Specific Features of Leveraged ETCs

These products deliver a leveraged daily percentage change.

Leveraged ETCs, excluding fees and expenses, will deliver twice the return of the underlying index relative to the previous day's close, increasing by a factor of two the underlying index's gain or loss.

No margin account is required.

The products provide a cost efficient way of obtaining leveraged exposure.

There is no scope for a contingent liability so the amount invested represents an investor's maximum possible loss.

Product Information	
Product Name	ETFS Leveraged Cotton
Issuer	ETFS Commodity Securities Limited
Exposure	200% of the daily percentage change of the Dow Jones-UBS Cotton Subindex <sup>SM</sup>
Legal Form	Debt security
UCITS Eligible	Yes
Domicile	Jersey
Listing Date	11 March 2008
Base Currency	USD
Currency Hedged	No
MER	0.98% p.a.
Replication	Swap backed
Collateralised	Yes
Counterparties	UBS AG and Merrill Lynch Commodities Inc.
Product Manager	ETFS Management Company (Jersey) Limited
Trustee	The Law Debenture Trust Corporation p.l.c.
Collateral Manager	The Bank of New York Mellon
SIPP Eligible (UK)	Yes
ISA Eligible (UK)	Yes
UK Reporting Fund Status	Yes
EU Passport	Austria, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Portugal, Spain, Sweden, United Kingdom

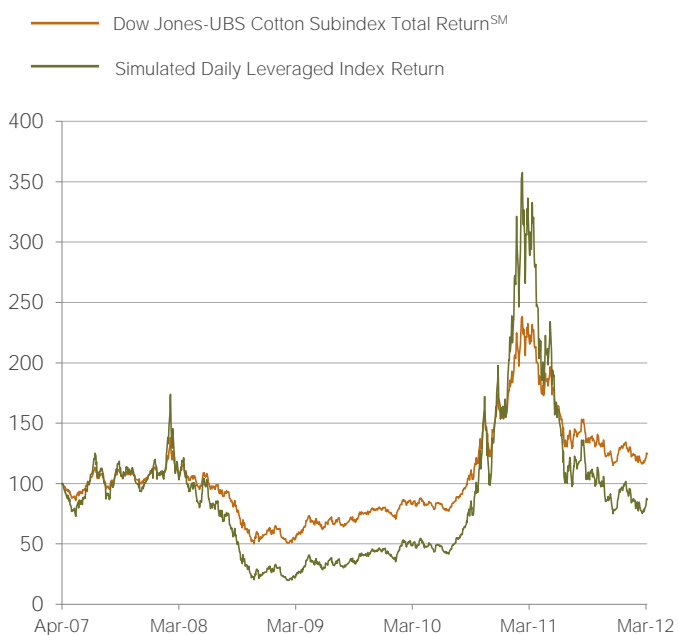
Index Information	
Index Name	Dow Jones-UBS Cotton Subindex <sup>SM</sup>
Index Provider	Dow Jones Indexes
Base Currency	USD
Constituents	1
Bloomberg Code	DJUBSCT
Reuters Code	.DJUBSCT

Trading Information					
Exchange	ISIN	Exchange Code	Currency (Trading)	Bloomberg Code	Reuters Code
London Stock Exchange	JE00B2NFTH59	LCTO	USD	LCTO LN	LCTO.L
Deutsche Börse (Xetra)	DE000A0V9YW4	4RT5	EUR	4RT5 GY	4RT5.DE
Borsa Italiana	JE00B2NFTH59	LCTO	EUR	LCTO IM	LCTO.MI

## Simulated Historical Performances

Dow Jones-UBS Cotton Subindex Total Return<sup>SM</sup> and Simulated Daily Leveraged Index Return historical performance

Period Considered: 2 April 2007 to 30 March 2012



Index	YTD	3 Years	5 Years
Dow Jones-UBS Cotton Subindex Total Return <sup>SM</sup>	-3.8%	118.2%	24.6%
Simulated Daily Leveraged Index Return	-8.5%	246.9%	-13.3%

Simulated historical performance for the Sub-Index exists back to 1991 however the Sub-Index performance shown was first published by Dow Jones-UBS in April 2006. Please refer to the Historical Performance Disclaimer on the following page. The returns shown here are not intended to represent actual performance and does not take into account management fees, transaction costs or expenses.

## Index Description

Dow Jones-UBS Cotton Subindex<sup>SM</sup> is based on the cotton component used in Dow Jones-UBS Commodity Index<sup>SM</sup>.

The Subindex reflects the movement of the cotton futures contracts.

Information about the rolling of the futures contracts is set out in the prospectus and in the index methodology available at [www.djindexes.com/commodity](http://www.djindexes.com/commodity).

## Specific Risks of Leveraged ETCs

Returns measured over periods longer than one day may differ from twice the index's return over that period.

Daily performances are twice the daily movements of the index and therefore any falls in the index are magnified.

If the index falls by 50% or more in one day, an investment in a Leveraged ETC will lose all of its value.

Leveraged ETCs are only suitable for professional investors who understand the risks and benefits of a leveraged strategy.

Please see the Prospectus for a more detailed explanation and a more complete list of risk.

## Important Information

### General

This communication has been provided by ETF Securities (UK) Limited ("ETFS UK") which is authorised and regulated by the United Kingdom Financial Services Authority. The products discussed in this document are issued by ETFS Commodity Securities Limited (the "Issuer"). The Issuer is regulated by the Jersey Financial Services Commission.

When being made within Italy, this communication is for the exclusive use of the "qualified investors" and its circulation among the public is prohibited.

This document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares in the United States or any province or territory thereof, where none of the Issuer or any securities issued by it are authorised or registered for distribution and where no prospectus of the Issuer has been filed with any securities commission or regulatory authority. Neither this document nor any copy hereof should be taken, transmitted or distributed (directly or indirectly) into the United States. Neither the Issuer nor any securities issued by it have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes.

This document may contain independent market commentary prepared by ETFS UK based on publicly available information. ETFS UK does not warrant or guarantee the accuracy or correctness of any information contained herein and any opinions related to product or market activity may change. Any third party data providers used to source the information in this communication make no warranties or representation of any kind relating to such data.

Any historical performance included in this document may be based on back testing. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance.

Historical performance is not an indication of or a guide to future performance.

The information contained in this communication is neither an offer for sale nor a solicitation of an offer to buy securities. This communication should not be used as the basis for any investment decision.

ETFS UK is required by the United Kingdom Financial Services Authority ("FSA") to clarify that it is not acting for you in any way in relation to the investment or investment activity to which this communication relates. In particular, ETFS UK will not provide any investment services to you and or advise you on the merits of, or make any recommendation to you in relation to, the terms of any transaction. No representative of ETFS UK is authorised to behave in any way which would lead you to believe otherwise. ETFS UK is not, therefore, responsible for providing you with the protections afforded to its clients and you should seek your own independent legal, investment and tax or other advice as you see fit.

### Risk Warnings

Securities issued by the Issuer are complex, structured products involving a significant degree of risk and are not suitable for all types of investor. Securities offered by the Issuer are aimed at sophisticated, professional and institutional investors. You must seek appropriate financial, tax and other advice from independent financial advisors with appropriate regulatory authorisation and qualifications. Any decision to invest should be based on the information contained in the prospectuses of the Issuer (or any supplements thereto) which includes, inter alia, information on certain risks associated with an investment. The price of any securities may go up or down and an investor may not get back the amount invested. Securities are priced in US Dollars and the value of the investment in other currencies will be affected by exchange rate movements. Investments in the securities of the Issuer which provide a short and/or leveraged exposure are only suitable for sophisticated, professional and institutional investors who understand leveraged and compounded daily returns and are willing to magnify potential losses by comparison to investments which do not incorporate these strategies. Over periods of greater than one day, investments with a short and/or leveraged exposure do not necessarily provide investors with a return equivalent to a return from the unleveraged long or unleveraged short investments multiplied by the relevant leverage factor.

Investors should refer to the section entitled "Risk Factors" in the relevant prospectus for further details of these and other risks associated with an investment in the securities offered by the Issuer.

The prospectuses of the Issuer may be obtained from [www.etfsecurities.com](http://www.etfsecurities.com). Please contact ETFS UK at +44 20 7448 4330 or [info@etfsecurities.com](mailto:info@etfsecurities.com) for more information.

### Passporting and Restricted Investors

The FSA has delivered to the regulators listed below certificates of approval attesting that the prospectuses of the Issuer have been drawn up in accordance with Directive 2003/71/EC:

The prospectuses of the Issuer have been passported from the United Kingdom into Austria, Denmark, Finland, France, Germany, Italy, the Netherlands, Portugal, Spain and Sweden and have been filed with Österreichische Finanzmarktaufsicht (Austrian Financial Market Authority) in Austria, Finanstilsynet (Financial Supervisory Authority) in Denmark, Finanssivalvonta (Finnish Financial Supervisory Authority) in Finland, l'Autorité des Marchés Financiers (AMF) in France the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) in Germany, CONSOB and the Bank of Italy in Italy, the Authority Financial Markets (Autoriteit Financiële Markten) in the Netherlands, Comissão do Mercado de Valores Mobiliários (Portuguese Securities Market Commission) in Portugal, Comisión Nacional del Mercado de Valores (Securities Market Commission) in Spain and the Finansinspektionen (Financial Supervisory Authority) in Sweden. Copies of prospectuses and related regulatory documentation, including annual reports, can be obtained in France from HSBC France, 103, Avenue des Champs Elysées, 75008 Paris, in Germany from HSBC Trinkhaus & Burkhardt, AG, Konsortialgeschäft, Königsallee 21/23, 40212 Düsseldorf and in the Netherlands from AMN Amro Bank (Nederland) N.V. (t) +31 20 527 2467 or faxed request to +31 20 527 1928. Investors in other countries can obtain the prospectuses from [www.etfsecurities.com](http://www.etfsecurities.com). Please contact ETFS UK at +44 20 7448 4330 or [info@etfsecurities.com](mailto:info@etfsecurities.com) for more information.

This document is not a financial analysis pursuant to Section 34b of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) and consequently does not meet all legal requirements to warrant the objectivity of a financial analysis and is also not subject to the ban on trading prior to the publication of a financial analysis.

This document is not addressed to or intended directly or indirectly, to (a) any persons who do not qualify as qualified investors (gekwalificeerde beleggers) within the meaning of section 1:1 of the Dutch Financial Supervision Act as amended from time to time; and/or (b) in circumstances where other exemptions or dispensations from the prohibition of the Dutch Financial Supervision Act or the Exemption Regulation of the Act on Financial Supervision apply.

The Issuer is not required to have a license pursuant to the Dutch Financial Supervision Act as it is exempt from any licensing requirements and is not regulated by the Netherlands Authority for the Financial Markets and consequently no prudential and conduct of business supervision will be exercised.

Other than as set out above investors may contact ETFS UK at +44 (0)20 7448 4330 or at [info@etfsecurities.com](mailto:info@etfsecurities.com) to obtain copies of prospectuses and related regulatory documentation, including annual reports. Other than as separately indicated, this communication is being made on a "private placement" basis and is intended solely for the professional / institutional recipient to which it is delivered.

### Third Parties

Securities issued by the Issuer are direct, limited recourse obligations of the relevant Issuer alone and are not obligations of or guaranteed by UBS AG ("UBS"), Merrill Lynch Commodities Inc. ("MLCI"), Bank of America Corporation ("BAC") or any of their affiliates. Each of UBS, MLCI and BAC disclaim all and any liability whether arising in tort, contract or otherwise which they might have in respect of this document or its contents otherwise arising in connection herewith.

"Dow Jones", "UBS", "DJ-UBS CI<sup>SM</sup>", "DJ-UBS CI-F3<sup>SM</sup>", and any related indices or sub-indices are service marks of Dow Jones Trademark Holdings LLC ("Dow Jones"), CME Group Index Services LLC ("CME Indexes"), UBS AG ("UBS") or UBS Securities LLC ("UBS Securities"), as the case may be, and have been licensed for use by the Issuer. The securities issued by the Issuer although based on components of the Dow Jones UBS Commodity Index 3 Month Forward<sup>SM</sup> are not sponsored, endorsed, sold or promoted by Dow Jones, CME Indexes, UBS, UBS Securities or any of their respective subsidiaries or affiliates, and none of Dow Jones, CME Indexes, UBS, UBS Securities, or any of their respective subsidiaries or affiliates, makes any representation regarding the advisability of investing in such product.



### ETF Securities (UK) Limited

3 Lombard Street  
London EC3V 9AA  
United Kingdom

T +44 (0)20 7448 4330  
E [info@etfsecurities.com](mailto:info@etfsecurities.com)  
W [etfsecurities.com](http://etfsecurities.com)