UBS

Key fact sheet

Autocallable Worst of Reverse Convertible Notes
Cash / Physical settlement

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Product description

This is a structured product which belongs to the "Optimization" category. It offers enhanced return when the laggard underlying asset is trading within a stable range. The product provides fixed coupon, with redemption linked to the performance of the underlying assets. It has an autocall feature to offer potential early termination.

Indicative product terms

Product type	Equity-linked Notes
Issuer	To be provided by your CA
Guarantor	
Tenor	
Underlying asset	
Specified currency	
Issue price	
Strike price	
Autocall price	
Coupon rate	
Coupon payment frequency	To be provided by your CA
Autocall event	If, on any autocall observation date (as specified in the term sheet which is available upon request), the closing price of the underlying asset is at or above its autocall price, an autocall event occurs and the product will be early terminated and redeemed at 100% of the nominal amount.
Autocall frequency	To be provided by your CA
Monetary Benefit	

Product-specific benefits and risks

Product-specific benefits

- Fixed coupon paid on each coupon payment date as long as the product has not been early terminated or autocalled.
- Payoff at maturity will be 100% of the nominal amount if the laggard underlying asset closes at or above its strike price at maturity.
- You may earn better return with this product as compared to a direct investment in the underlying assets if the total amount of coupon received is higher than the positive performance of the underlying assets (plus any dividends or distributions).

Product-specific risks

- This product is a capital at risk investment. In an extreme case, you could lose all of your capital invested.
- The maximum potential return is limited to the total amount of coupon payable.
- The potential payoff is determined by reference to the performance of the laggard underlying asset on the relevant valuation date, you will not benefit from the positive performance of any other underlying asset(s).
- If the laggard underlying asset closes below its strike price at maturity, you will receive either a cash amount or physical delivery of the laggard underlying asset at its strike price. You will suffer a loss if the cash amount or the market value of the laggard underlying asset together with the total amount of coupon received are less than your capital invested. In case of physical settlement, if you choose not to sell your holding of such laggard underlying asset, you will be exposed to the market risk

of holding such laggard underlying asset. In an extreme case, such laggard underlying asset could be worthless.

- You will be subject to the re-investment risk if the product is early terminated upon the occurrence of an autocall event.

Please refer to the product documentation for more details on the features and risks of this product.

How does it work?

Determination of laggard underlying asset

The underlying asset with the lowest performance on a particular scheduled trading day will be the laggard underlying asset for that scheduled trading day. The laggard underlying asset on each scheduled trading day can be different. The following formula will be used to determine the performance for each underlying asset on a scheduled trading day:

$$\text{Performance} = \frac{\text{Closing price of the underlying asset on a scheduled trading day}}{\text{Initial price of the underlying asset}}$$

Payment of coupon amount

1 If the product is not early terminated or autocalled, you will receive a fixed coupon amount on each coupon payment date (as specified in the term sheet which is available upon request). The fixed coupon amount is calculated as follows:

Nominal amount x the applicable coupon rate for the coupon period (as specified in the term sheet which is available upon request)

2 If the product is early terminated due to the occurrence of an autocall event, you will receive the fixed coupon amount for the coupon period in which the autocall event occurred. No coupon amount is payable thereafter.

Autocall feature

If, on any autocall observation date (as specified in the term sheet which is available upon request), the laggard underlying asset closes at or above its autocall price, an autocall event occurs and the product will be early terminated and redeemed at 100% of the nominal amount.

Payoff at maturity

Provided that the product is not autocalled/ early terminated (please refer to "Early termination risk" below):

1 If the laggard underlying asset closes at or above its strike price at maturity, you will receive 100% of the nominal amount at maturity.

2 If the laggard underlying asset closes below its strike price at maturity, you will receive at maturity (based on the settlement method as specified in the term sheet which is available upon request):

(i) (in case of cash settlement) a cash amount equal to:

$$\text{Nominal amount x } \frac{\text{Closing price of laggard underlying asset at maturity}}{\text{Strike price of laggard underlying asset}}$$

OR

(ii) (in case of physical settlement) the physical delivery of the laggard underlying asset at its strike price as follows:

$$\frac{\text{Nominal amount}}{\text{Strike price of laggard underlying asset}}$$

(which may be converted into the specified currency at the exchange rate as specified in the term sheet which is available upon request, if the specified currency is not the same as the trading currency of such laggard underlying asset)

Any fractional shares of the laggard underlying asset will not be delivered to you and will be settled in cash instead.

In this case, you will suffer a capital loss if the cash amount or the market value of the laggard underlying asset together with the total amount of coupon received are less than your capital invested.

Product suitability

You may consider investing in this product, if

- You expect the underlying assets to be trading within a stable range during the tenor and will not fall below their respective strike prices at maturity.
- You are comfortable with being exposed to the negative performance of the underlying asset(s), without benefiting from a positive performance of the underlying asset(s) above the relevant strike price(s).
- In case of physical settlement, you are comfortable with physical delivery of the laggard underlying asset at maturity where the value may be considerably less than your capital invested.
- You are willing to take on risks for the opportunity to earn enhanced returns.
- You are familiar with both structured products and the market of the underlying asset(s).
- You are prepared to hold your investment in this product until its maturity.
- You understand that the product is a capital at risk investment and accept that you could lose all of your investment.
- You are a professional investor in Hong Kong and / or an accredited investor in Singapore.

Scenario analysis at maturity

Assumptions

Issue price	100% of nominal amount
Tenor	1 year
Coupon rate	10% per annum
Underlying asset	Stock A and Stock B
Strike Price	90% of the initial price of the underlying asset
Settlement method at maturity	Cash settlement

Assuming that the product is not early terminated or autocalled, based on the assumptions above, the table below illustrates the hypothetical return on the product for a range of movements in the value of the laggard underlying asset at maturity.

Scenario	**Closing price of laggard underlying asset at maturity (as % of its initial price)**	**Total coupon + payoff at maturity (as % of nominal amount)**	**Gain / Loss (as % of nominal amount)**
Scenario 1 (Gain scenario)	95%	(10%+100%) = 110%	A gain of 10%
Scenario 2 (Breakeven scenario)	81%	(10%+81%/90 %) = 100%	No gain or loss
Scenario 3 (Loss scenario)	77%	(10%+77%/90 %) = 95.6%	A loss of 4.4%
Scenario 4 (Worst case scenario)	0%	(10%+0%/90%) = 10%	A loss of 90%

Worst case scenario

In the worst case scenario above, if the laggard underlying asset closes at 0, you will receive either (i) (in case of cash settlement) a cash amount which equals to 0, or (ii) (in case of physical settlement) physical delivery of the laggard underlying asset at its strike price at maturity which will be worthless. You will suffer a substantial loss of your capital invested because the payoff at maturity together with the total amount of coupon received are substantially less than your capital invested.

The above example is for illustrative purposes only and does not reflect a complete analysis of all possible gain or loss scenarios. It does not take into account all the relevant factors, such as changes in the creditworthiness of the issuer. You must not rely on the above example as an indication of the actual performance of underlying assets or the potential return on the product.

Additional Risks

Structured product involving derivatives	This is a structured product which involves derivatives. For more information on "structured products", please refer to the brochure "Special Risks in Securities Trading".
Credit risk	When you invest in the product, you are relying on the creditworthiness of the issuer and/or guarantor (where applicable). Should the quality and/or the credit rating of the issuer and/or guarantor (where applicable) deteriorate over the tenor of the product, the value of the product may be affected. If the issuer and/or the guarantor (where applicable) become insolvent or default on its obligations, you will rank as general unsecured creditor of the issuer and/or the guarantor (where applicable) and certain other creditors may have priority over your claims under the product, unless specifically stated otherwise. In the worst case scenario, you could lose all your capital invested.
Not collateralised	Unless specifically stated otherwise, the product is not secured on any of the collateral or assets of the issuer and/or the guarantor (where applicable).
Limited recourse	Some products may include a limited recourse provision. In such case, the issuers obligation to pay any amount due under the product shall be reduced and/or delayed accordingly if the issuer (or its affiliates) fails to receive any amount/securities in full or experiences a delay in the receipt of any amount/securities, in each case under the transactions entered into by the issuer (or its affiliates) for hedging the products.
Liquidity risk	There might be a lack of secondary market, a lack of liquidity or low trading volume in the market for the product. Neither the issuer nor UBS has an obligation to repurchase the product prior to maturity. This may mean that you may not be able to liquidate your investment prior to maturity. If you sell the product in the secondary market, you may receive less than your capital invested.
Potential conflict of interest	The issuer and its affiliates may from time to time have positions in, make a market, provide investment banking or other services, be involved in trading and/or hedging activities related to the securities, currencies, financial instruments or other assets underlying the product. There is a risk that certain conflicts of interest may arise both among the issuer and its affiliates and between the interest of the issuer or its affiliates and your interest as the product investor.
Potential impact of hedging arrangement	The issuer may hedge its exposure to the product through transactions in the underlying asset, index or instrument or in options, futures or other derivatives related to the underlying asset on publicly traded markets. The issuer may unwind or offset any hedge it has for such product in close proximity to the relevant valuation time or period. In

	some cases, this activity may affect the value of the product.
Not the same as investing in the underlying asset(s)	Investing in the product is not the same as taking a position in respect of the underlying asset(s). Changes in the price and/or level of the underlying asset(s) may not lead to a corresponding change in the market value of the product of the same magnitude or even any change at all.
Market risk	The value and the potential return of the product is subject to the market risk, including the performance of the underlying asset(s), interest rates, volatilities, national and international financial, political and military or economic events. Any such events may adversely affect the value of the product.
Emerging market risk	If an underlying asset is traded on a platform or through a trading facility or investment channel that is in, or related to, an emerging market, any disruptions or impairments related to such platform, trading facility or investment channel may have an adverse impact on the value of the underlying asset and therefore the product. Emerging markets carry higher risks. You should therefore ensure that, before investing, you understand the risks involved and are satisfied that such investment is suitable.
Early termination risk	The Issuer may be entitled to early redeem the products upon the occurrence of certain termination events, including the occurrence of (i) “illegality”, whereby performance of the obligations relating to the products or hedging the products has or will become illegal, unlawful or otherwise prohibited, in whole or in part, in connection with any applicable laws or regulations, (ii) “taxation events”, which (broadly speaking) may encompass circumstances where tax laws, regulations and/or practices are changed resulting in a change in the payments required in connection with the products or an inability to comply with applicable tax laws or regulations, or (iii) other extraordinary events or circumstances affecting normal activities. The above is not an exhaustive list of the termination events. Please refer to the product documentation for details, which is available upon request. You may receive an amount less than your capital invested upon the occurrence of the termination events.
Adjustment risk	The product may contain terms and conditions that allow the issuer and/or calculation agent to effect adjustments due to certain events or measures that are taken (by parties other than the Issuer) in relation to the underlying asset(s) which can lead to changes to the underlying asset(s) or the terms of the product. Such adjustments might have a negative impact on the value or return of the product.
Disruption risk	You are exposed to disruption events (such as price source disruption events or settlement disruption events) which could have an adverse impact on the product through delay in payment, change in value or suspension of trading in the product.
Discretion of the issuer and/or calculation agent	The issuer and/or calculation agent may exercise its discretionary rights to make certain determination or adjustments to the terms of the product which may have an unforeseen adverse impact on the return of the investment.
Currency risk	You are exposed to foreign exchange rate risk if any amount received under the product is converted to the specified currency from another currency, or if the product is redeemed by delivery of securities denominated in a currency other than the specified currency.
Interest rate risk	You are exposed to the movement of interest rates which will have an impact on the value of the product. Moreover, generally, the longer the tenor, the more sensitive the product will be to interest rate changes.
Settlement risk	Certain settlement disruption events may occur which will restrict the issuer’s ability to deliver cash and/or securities and the date of delivery of cash and/or the securities will be delayed accordingly. If the product is to be redeemed by physical delivery of securities, the issuer may exercise its sole discretion to cash settle in whole or in part such securities to be delivered. You will have to comply with any legal or regulatory requirements that apply to holders of the securities.
Risks relating to Renminbi	If the product is denominated in RMB and/or the product is linked to RMB-quoted underlying asset(s), you should note that the relevant offshore Renminbi (“CNH”) exchange rates in Hong Kong will be applied for calculations in relation to the product. Although both onshore Renminbi (“CNY”) and CNH are the same currency, there are traded in different and separated markets. As the two markets operated independently where the flow between them is highly restricted, CNY and CNH are currently traded at different exchange rates and their movements may not be in the same direction or scale. The exchange rate for CNH may be traded at a premium or discount to the

	exchange rate of CNY and there may be significant bid and offer spreads. The exchange rates of RMB against other foreign currencies will fluctuate and will be affected by, amongst other things, the control directives, policy and/or measures from the Government of the People's Republic of China (the "PRC Government") on RMB from time to time. For example, the PRC Government regulates conversion between CNY and foreign currencies. Renminbi is currently not freely convertible. There is no assurance that disruption in the transferability, convertibility or liquidity of Renminbi will not occur.
Benchmarks and interbank offered rates reform	If the product (or its potential payout) is linked to an interest rate, equity, commodity, foreign exchange and other types of rates and indices deemed to be "benchmarks", you should note that a number of major benchmarks are the subject of recent or forthcoming national and international regulatory reforms. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. For example, the interbank offered rate, LIBOR, will be permanently discontinued. Any such consequence could have a material adverse effect on the value of and return on the product linked to any such value or benchmark. In addition, a failure by benchmark administrators and users to comply with applicable legislation could result in a benchmark being discontinued or prohibited from use. In such event, the products could be adjusted or redeemed prior to maturity or otherwise impacted.
Risk relating to ETF as underlying asset	If the product is linked to the performance of exchange traded funds (ETFs), you should note that ETFs generally track the performance of various underlying assets. You should have read and understood all relevant product information (including offering documents) of the ETFs before making investment decision.
Risk relating to index as underlying asset	If the product is linked to the performance of an index, you should note that the issuer and the index sponsor make no representation or warranty, express or implied, regarding the appropriateness of investing in products referenced to the index, the assets underlying such index ("Underlyings") in general or of the ability of the index to track Underlyings' market performance. In determining the Underlyings of the index and any amendments thereto, you should note that the index sponsor has no obligation to consider the needs of any counterparties that have products referenced to the index. The issuer and the index sponsor make no representation or warranty, express or implied to the holders any products linked to the index or any member of the pubic regarding the advisability of investing in such products or Underlyings generally, or as to results to be obtained from the use of the Index or from such products. Past performance of the index is not necessarily indicative of future results. You should have read and understood all relevant product information (including offering documents) relating to the index before making investment decision.
Not covered by Investor Compensation Fund	This product is not covered by the Investor Compensation Fund in Hong Kong.
Fees and charges	The potential payout on the product does not take into consideration any fees in relation to the investment (including, but not limited to, any fees relating to the purchase or transfers of the product, custody services, payments of interest/coupon and redemption amount and delivery of securities).
Effects of structuring and product management	When the product is issued or sold, several types of incidental costs, fees, commissions and profits are included in the purchase price of the product. Such incidental costs and fees may include (i) issuance and securitisation costs; (ii) hedging costs and brokerage fees incurred by the issuer in connection with the issuance of the product; (iii) a profit priced into the issue price for the benefit of the issuer; (iv) commissions paid internally from one department to another department (e.g. sales department) of the issuer; (v) distribution fees to intermediaries, brokers or other distributors and financial advisors; (vi) other costs incurred by the issuer in connection with the issuance of the product (including, without limitation, costs for external legal and tax advice). Such costs reduce the value of the product in the sense that a potential bid price will exclude such costs and therefore is likely to be lower than the issue price or offer price of the product.
Compounding risks	More than one risk factors may have simultaneous and compounding effects with regard to the product such that the effect of a particular risk factor may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the product.

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Further information

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