

# Summary and Securities Note

dated 12 February 2020

of

**UBS AG**

*(a corporation limited by shares established under the laws of Switzerland)*



for the issue / public offer of

**500,000 Portfolio Certificates**

**linked to the notional Aktien Faktor-Select Global Portfolio  
(the "Underlying" or the notional "Reference Portfolio")**

ISIN CH0473581046

WKN UBS1KW

Valor 47358104

This document – including any supplements approved by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**") in respect hereof and published by UBS AG – constitutes a securities note (the "**Securities Note**") and a summary (the "**Summary**") and, together with the registration document of UBS AG dated 13 November 2019, as supplemented from time to time, (as approved by BaFin, the "**Registration Document**"), constitutes a prospectus (the "**Prospectus**") according to Art. 6 (3) of Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**").

The Securities Note contains information relating to the 500,000 Portfolio Certificates linked to the notional Aktien Faktor-Select Global Portfolio (the "**Securities**", and each a "**Security**") to be issued and offered to the public in the Federal Republic of Germany and the Grand Duchy of Luxembourg, and the Summary comprises a summary of the Registration Document and the Securities Note.

The validity of this Securities Note will expire on 12 February 2021. The obligation of the Issuer to supplement this Securities Note in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Securities Note is no longer valid.

In the Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area ("**EEA**"), references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended, references to "**CHF**" are to Swiss francs and references to "**U.S. dollars**" are to United States dollars.

**IMPORTANT – EEA RETAIL INVESTORS** - the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRiIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRiIPs Regulation.

**THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE SECURITIES OR THE ACCURACY OR THE ADEQUACY OF THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

**THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND ARE BEING SOLD PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE SECURITIES MAY INCLUDE SECURITIES IN BEARER FORM THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE U.S. COMMODITY EXCHANGE ACT OF 1936, AS AMENDED (THE "COMMODITY EXCHANGE ACT") OR BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. SUBJECT TO CERTAIN EXCEPTIONS, THE SECURITIES MAY NOT BE OFFERED, SOLD OR, IN THE CASE OF BEARER SECURITIES, DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")). SEE "*SUBSCRIPTION AND SALE*".**

**AN INVESTMENT IN THE SECURITIES DOES NOT CONSTITUTE A PARTICIPATION IN A COLLECTIVE INVESTMENT SCHEME FOR SWISS LAW PURPOSES. THEREFORE, THE SECURITIES ARE NOT SUPERVISED OR APPROVED BY THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY FINMA ("FINMA") AND INVESTORS MAY NOT BENEFIT FROM THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES.**

Potential investors in the Securities are explicitly reminded that an investment in Securities entails financial risks. Holders of Securities run the risk of losing all or part of the amount invested by them in the Securities. All potential investors in Securities are, therefore, advised to study the full contents of the Prospectus, in particular the risk factors.

## TABLE OF CONTENTS

Page:

|   |           |
|---|-----------|
| <b>SUMMARY OF THE PROSPECTUS IN THE ENGLISH LANGUAGE</b> .....  | <b>5</b>  |
| <b>SUMMARY OF THE PROSPECTUS IN THE GERMAN LANGUAGE</b> .....   | <b>12</b> |
| <b>SECURITIES NOTE</b> .....  | <b>19</b> |
| <b>A. RISK FACTORS</b> .....  | <b>19</b> |
| <b>I. MATERIAL RISKS IN CONNECTION WITH THE SECURITIES</b> .....  | <b>19</b> |
| 1. Material risks related to the rank and characteristics of the Securities in the case of a failure of the Issuer .....  | 19        |
| 1.1 Securityholders are exposed to the risk of a bail-in.....   | 19        |
| 1.2 Securityholders are not protected by any statutory or voluntary deposit guarantee scheme .....  | 19        |
| 2. Material risks related to the Terms and Conditions of the Securities and, in particular, the payment profile of the Securities .....   | 19        |
| 2.1 Specific risks related to the linkage to the Reference Portfolio .....  | 19        |
| 2.2 Specific risks related to possible fluctuations in the Level of the Reference Portfolio after termination of the Securities .....   | 20        |
| 2.3 Specific risks related to the payment of Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount .....  | 20        |
| 2.4 Specific risks related to reinvestment.....   | 21        |
| 2.5 Specific risks related to currency exchange rates .....   | 21        |
| 2.6 Specific risks related to extension of the term of the Securities.....  | 21        |
| 2.7 Specific risks related to termination and early redemption of the Securities at the option of the Issuer and to automatic early termination .....   | 21        |
| 2.8 Specific risks related to Market Disruption and Unwind Disruption in respect of the Securities ..   | 22        |
| 2.9 Specific risks related to adjustments of the Level of the Reference Portfolio or the Terms and Conditions of the Securities by the Issuer and the Calculation Agent.....                                    | 23        |
| 2.10 Specific risks related to the substitution of the Issuer .....   | 23        |
| 2.11 Specific risks related to determinations by the Calculation Agent.....   | 24        |
| 2.12 Specific risks related to a potential restructuring of the Issuer's business .....   | 24        |
| 3. Material risks in connection with investing in, holding and selling the Securities.....  | 25        |
| 3.1 Specific risks related to the market price of the Securities.....   | 25        |
| 3.2 Specific risks related to the liquidity of the Securities.....  | 26        |
| 3.3 Specific risks related to potential conflicts of interest of the Issuer and its affiliates .....  | 27        |
| 3.4 Specific risks in connection with hedging transactions entered into by the Securityholders.....   | 28        |
| 3.5 Specific risks related to the unwinding of hedging transactions entered into by the Issuer .....  | 28        |
| 3.6 Specific risks related to taxation .....  | 29        |
| 3.7 Specific risks related to US withholding tax.....   | 29        |
| <b>II. MATERIAL RISKS IN CONNECTION WITH THE REFERENCE PORTFOLIO</b> .....  | <b>31</b> |
| 4. Material risks in connection with the Reference Portfolio, as managed by the Reference Portfolio Advisor.....  | 31        |
| 4.1 Uncertainty about future performance; limited historic data.....  | 31        |
| 4.2 Specific risks related to the lack of direct correlation between the performance of underlyings, individual Reference Portfolio Components and the overall performance of the Reference Portfolio.....      | 31        |
| 4.3 Specific risks related to the value of any Stock Constituents comprised in the Reference Portfolio not reflecting any dividends, interest or other distributions in respect of such Stock Constituents..... | 33        |
| 4.4 Specific risks related to Securityholders having no recourse to the Reference Portfolio Components .....  | 33        |
| 4.5 Specific risks related to administration fees, costs and expenses in relation to the Reference Portfolio.....   | 33        |
| 4.6 Specific risks related to contango and backwardation of Futures Constituents.....   | 33        |
| 4.7 Specific risks related to the performance of the Reference Portfolio Advisor .....  | 33        |

|           |   |           |
|-----------|---|-----------|
| 4.8       | Specific risks related to potential conflicts of interest of the Reference Portfolio Advisor .....  | 34        |
| <b>B.</b> | <b>GENERAL INFORMATION ON THE PROSPECTUS .....</b>  | <b>35</b> |
| 1.        | Important Notice .....  | 35        |
| 2.        | Responsibility Statement .....  | 35        |
| 3.        | Consent to use the Prospectus .....   | 36        |
| <b>C.</b> | <b>GENERAL INFORMATION ON THE SECURITIES .....</b>  | <b>38</b> |
| 1.        | Object of the Prospectus / Type of Securities .....   | 38        |
| 2.        | Currency .....  | 38        |
| 3.        | Law governing the Securities .....  | 38        |
| 4.        | Status of the Securities .....  | 38        |
| 5.        | Form of the Securities .....  | 39        |
| 6.        | Clearing and Settlement of the Securities .....   | 39        |
| 7.        | Listing or Trading of the Securities .....  | 39        |
| 8.        | Maturity of the Securities; Issuer Extension Option .....   | 40        |
| 9.        | Issuer Termination Option; Automatic Early Termination .....  | 40        |
| 10.       | Functioning of the Securities and Dependency on the Underlying .....  | 40        |
| <b>D.</b> | <b>TERMS AND CONDITIONS OF THE SECURITIES .....</b>   | <b>42</b> |
| 1.        | Terms and Conditions of the Securities Part 1: Key Terms and Definitions of the Securities .....  | 43        |
| 2.        | Terms and Conditions of the Securities Part 2: Special Conditions of the Securities .....   | 47        |
| 3.        | Terms and Conditions of the Securities Part 3: General Conditions of the Securities .....   | 50        |
| <b>E.</b> | <b>INFORMATION ABOUT THE REFERENCE PORTFOLIO .....</b>  | <b>59</b> |
| 1.        | General information about the Reference Portfolio .....   | 59        |
| 2.        | Reference Portfolio Components .....  | 60        |
| 3.        | Initial Composition of the Reference Portfolio .....  | 64        |
| 4.        | Rebalancings of the Reference Portfolio .....   | 66        |
| 5.        | Fees and Costs applicable to the Reference Portfolio .....  | 68        |
| 6.        | Adjustments of the Reference Portfolio .....  | 69        |
| <b>F.</b> | <b>SUBSCRIPTION AND SALE .....</b>  | <b>72</b> |
| 1.        | Issue and Sale .....  | 72        |
| 2.        | Subscription and Delivery of the Securities .....   | 72        |
| 3.        | Selling Restrictions .....  | 72        |
| <b>G.</b> | <b>WARNING IN CONNECTION WITH THE TAX TREATMENT OF THE SECURITIES .....</b>   | <b>76</b> |
| <b>H.</b> | <b>GENERAL INFORMATION .....</b>  | <b>78</b> |
| 1.        | Form of Document .....  | 78        |
| 2.        | Publication .....   | 78        |
| 3.        | Authorisation .....   | 78        |
| 4.        | Approval of the Prospectus and Notification .....   | 78        |
| 5.        | Reasons for the Offer and Use of Proceeds .....   | 78        |
| 6.        | Availability of the Prospectus and other documents .....  | 78        |
| 7.        | Any interest, including potential conflicting ones, of natural and legal persons involved that is material to the issue/offer of the Securities ..... | 79        |
| <b>I.</b> | <b>INDEX OF DEFINED TERMS .....</b>   | <b>80</b> |

**SUMMARY OF THE PROSPECTUS IN THE ENGLISH LANGUAGE****Section A – Introduction and warnings****Warnings**

- a) The Summary should be read as an introduction to the Prospectus.
- b) Any decision to invest in the Securities should be based on a consideration of the Prospectus as whole by the investor.
- c) **The Securities are not capital protected and there is no minimum redemption amount.** Accordingly, the investor could lose all or part of the invested capital.
- d) Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.
- e) Civil liability attaches only to those persons who have tabled the Summary, including any translation thereof, but only where the Summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Securities.
- f) You are about to purchase a product that is not simple and may be difficult to understand.

**Introductory information**

|   |   |
|---|---|
| <b>Name and ISIN of the Securities:</b>                                   | 500,000 Portfolio Certificates linked to the notional Aktien Faktor-Select Global Portfolio (the " <b>Securities</b> ") with ISIN CH0473581046  |
| <b>Identity and contact details of the Issuer, including LEI:</b>         | UBS AG.<br>The addresses and telephone number of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 (0) 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 (0) 61 288 5050, LEI BFM8T61CT2L1QCEMIK50. |
| <b>Identity and contact details of the offeror, including LEI:</b>        | UBS Europe SE, Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main, Germany, telephone: +49 (0) 69 21790, LEI 5299007QVIQ7IO64NX37.<br>KSW Vermögensverwaltung AG, Nordostpark 43, 90411 Nürnberg, Federal Republic of Germany, telephone: +49 (0) 911 217730, LEI 5299007QRBQF1SF24853.                        |
| <b>Competent authority that approved the Summary and Securities Note:</b> | Federal Financial Services Supervisory Authority ( <i>Bundesanstalt für Finanzdienstleistungsaufsicht</i> ) (" <b>BaFin</b> "), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany, telephone +49 (0) 228 41080.  |
| <b>Competent authority that approved the Registration Document:</b>       | BaFin, Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany, telephone +49 (0) 228 41080.   |
| <b>Date of approval of the Prospectus:</b>                                | 12 February 2020  |

**Section B – Key information on the Issuer****Who is the issuer of the securities?*****Domicile and legal form of the issuer***

UBS AG is incorporated and domiciled in Switzerland, with its registered offices at Bahnhofstrasse 45, CH-8001 Zurich, Switzerland and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, and operates under the Swiss Code of Obligations as an Aktiengesellschaft, a corporation limited by shares. UBS AG's Legal Entity Identifier (LEI) code is BFM8T61CT2L1QCEMIK50.

***Principal activities of the issuer***

The purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and in other jurisdictions. UBS AG may borrow and invest money on the capital markets. It may provide loans, guarantees and other kinds of financing and security for group companies.

***Major shareholders of the issuer***

UBS Group AG owns directly 100% of the outstanding shares of UBS AG.

***Identity of the key managing directors of the issuer***

The key managing directors of the issuer are the members of the issuer's Executive Board. These are: Sergio P. Ermotti, Christian Bluhm, Markus U. Diethelm, Kirt Gardner, Suni Harford, Robert Karofsky, Sabine Keller-Busse, Iqbal Khan, Edmund Koh, Tom Naratil, Piero Novelli, and Markus Ronner.

**Identity of the statutory auditors of the issuer**

The statutory auditors of the issuer are Ernst & Young Ltd, Aeschengraben 9, CH-4002 Basel.

**What is the key financial information regarding the issuer?**

UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2018, 2017 and 2016 from the Annual Report 2018, except where noted. The selected consolidated financial information included in the table below for the nine months ended 30 September 2019 and 30 September 2018 was derived from the UBS AG Third Quarter 2019 Report.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

| USD million, except where indicated  | As of or for the nine months ended |         | As of or for the year ended            |          |                      |
|--|------------------------------------|---------|--|----------|----------------------|
|  | 30.9.19                            | 30.9.18 | 31.12.18                               | 31.12.17 | 31.12.16             |
|  | <i>unaudited</i>                   |         | <i>audited, except where indicated</i> |          |                      |
| <b>Results</b>   |                                    |         |  |          |                      |
| <b>Income statement</b>  |                                    |         |  |          |                      |
| Operating income   | 22,162                             | 23,559  | 30,642                                 | 30,044   | 28,831               |
| Net interest income <sup>1</sup>   | 3,171                              | 3,765   | 5,949                                  | 6,607    | 6,457                |
| Net fee and commission income  | 13,057                             | 13,660  | 17,930                                 | 17,550   | 16,644               |
| Credit loss (expense) / recovery   | (70)                               | (64)    | (117)                                  | (131)    | (38)                 |
| Other net income from financial instruments measured at fair value through profit or loss <sup>1</sup> | 5,457                              | 5,659   | 5,977                                  | 5,067    | 5,018                |
| Operating expenses   | 17,807                             | 18,517  | 25,184                                 | 24,969   | 24,643               |
| Operating profit / (loss) before tax   | 4,355                              | 5,042   | 5,458                                  | 5,076    | 4,188                |
| Net profit / (loss) attributable to shareholders   | 3,343                              | 3,834   | 4,107                                  | 758      | 3,351                |
| <b>Balance sheet <sup>2</sup></b>  |                                    |         |  |          |                      |
| Total assets   | 972,048                            |         | 958,055                                | 940,020  | 919,236              |
| Total financial liabilities measured at amortized cost   | 603,594                            |         | 612,174                                | 660,498  | 612,884              |
| <i>of which: customer deposits</i>   | 429,143                            |         | 421,986                                | 423,058  | 418,129              |
| <i>of which: debt issued measured at amortized cost</i>  | 69,739                             |         | 91,245                                 | 107,458  | 77,617               |
| <i>of which: subordinated debt</i>   | 7,567                              |         | 7,511                                  | 9,217    | 11,352* <sup>3</sup> |
| Total financial liabilities measured at fair value through profit or loss                              | 304,689                            |         | 283,717                                | 217,814  | 236,727              |
| <i>of which: debt issued designated at fair value</i>  | 66,709                             |         | 57,031                                 | 50,782   | 49,057               |
| Loans and advances to customers  | 321,666                            |         | 321,482                                | 328,952  | 300,678              |
| Total equity   | 54,776                             |         | 52,432                                 | 52,046   | 53,627               |
| Equity attributable to shareholders  | 54,613                             |         | 52,256                                 | 51,987   | 52,957               |
| <b>Profitability and growth</b>  |                                    |         |  |          |                      |
| Return on equity (%)   | 8.4                                | 9.9     | 7.9*                                   | 1.4*     | 6.0*                 |
| Return on tangible equity (%)  | 9.6                                | 11.3    | 9.1*                                   | 1.6*     | 6.9*                 |
| Return on common equity tier 1 capital (%)   | 12.6                               | 14.8    | 11.9*                                  | 2.3*     | 10.2*                |
| Return on risk-weighted assets, gross (%)  | 11.2                               | 12.3    | 12.0*                                  | 12.8*    | 13.1*                |
| Return on leverage ratio denominator, gross (%)  | 3.3                                | 3.4     | 3.4*                                   | 3.4*     | 3.2*                 |
| Cost / income ratio (%)  | 80.1                               | 78.4    | 81.9*                                  | 82.7*    | 85.4*                |
| Net profit growth (%)  | (12.8)                             | 17.9    | 441.9*                                 | (77.4)*  | (48.5)*              |

| <b>Resources</b>  |         |         |          |          |          |
|---|---------|---------|----------|----------|----------|
| Common equity tier 1 capital <sup>4,5</sup>                   | 35,211  | 35,046  | 34,608   | 34,100*  | 31,879*  |
| Risk-weighted assets <sup>4</sup>                             | 263,777 | 256,206 | 262,840* | 242,725* | 219,330* |
| Common equity tier 1 capital ratio (%) <sup>4</sup>           | 13.3    | 13.7    | 13.2*    | 14.0*    | 14.5*    |
| Going concern capital ratio (%) <sup>4</sup>                  | 17.8    | 16.5    | 16.1*    | 15.6*    | 16.3*    |
| Total loss-absorbing capacity ratio (%) <sup>4</sup>          | 32.9    | 31.3    | 31.3*    | 31.4*    | 29.6*    |
| Leverage ratio denominator <sup>4</sup>                       | 901,926 | 915,977 | 904,458* | 910,133* | 855,718* |
| Common equity tier 1 leverage ratio (%) <sup>4</sup>          | 3.90    | 3.83    | 3.83*    | 3.75*    | 3.73*    |
| Going concern leverage ratio (%) <sup>4</sup>                 | 5.2     | 4.6     | 4.7*     | 4.2*     | 4.2*     |
| Total loss-absorbing capacity leverage ratio (%) <sup>4</sup> | 9.6     | 8.8     | 9.1*     | 8.4*     | 7.6*     |
| <b>Other</b>  |         |         |          |          |          |
| Invested assets (USD billion) <sup>6</sup>                    | 3,422   | 3,330   | 3,101    | 3,262    | 2,761    |
| Personnel (full-time equivalents)                             | 47,180  | 47,091  | 47,643*  | 46,009*  | 56,208*  |

\* unaudited

<sup>1</sup> Effective from the first quarter of 2019, UBS AG refined the presentation of dividend income and expense. This resulted in a reclassification of dividends from *Interest income (expense) from financial instruments measured at fair value through profit or loss* into *Other net income from financial instruments measured at fair value through profit or loss* (prior to 1 January 2019: *Other net income from fair value changes on financial instruments*). *Net Interest Income* and *Other net income from financial instruments measured at fair value through profit or loss* for the period ending 30.09.2018 have been restated.

<sup>2</sup> As reflected in the Annual Report 2018, the balance sheet figures under the column 31.12.2016 are as of 1.1.2017 for comparison purposes due to the adoption of IFRS 9, which was effective 1.1.2018.

<sup>3</sup> This amount has been translated from the audited financials of the Annual Report 2017, which was reported in Swiss francs, into US dollars at closing exchange rates prevailing on the balance sheet date.

<sup>4</sup> Based on the Swiss systemically relevant bank framework as of 1 January 2020.

<sup>5</sup> The information as published in Swiss francs in the Annual Report 2017 for the period ended on 31 December 2017 (CHF 33,240 million) and in the UBS Group AG and UBS AG annual report 2016 for the period ended on 31 December 2016 (CHF 32,447 million) was audited.

<sup>6</sup> Includes invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking.

### **What are the key risks that are specific to the issuer?**

#### ***Credit risk in relation to UBS AG as issuer***

Each investor in securities issued by UBS AG as Issuer is exposed to the credit risk of UBS AG. The assessment of UBS AG's creditworthiness may be affected by a number of factors and developments. These include changes in market and macroeconomic conditions, credit risk exposure to clients and counterparties, results of claims, disputes, legal proceedings and government investigations, availability of funding sources, changes in the laws and regulations affecting financial institutions, heightened regulatory expectations and regulatory changes, and reputational damage and operational risks.

**If UBS experiences financial difficulties, FINMA has the power to open restructuring or liquidation proceedings or impose protective measures in relation to UBS Group AG, UBS AG or UBS Switzerland AG, and such proceedings or measures may have a material adverse effect on UBS's shareholders and creditors.**

If restructuring or liquidation proceedings are instituted against UBS AG, holders of securities may suffer a substantial or **total loss** on the securities.

## **Section C – Key information on the Securities**

### **What are the main features of the Securities?**

#### ***Type, class and ISIN of the Securities***

The subject of this Prospectus are the Portfolio Certificates linked to the notional Aktien Faktor-Select Global Portfolio (the "**Securities**").

The Securities are governed by Swiss law.

The Securities are issued as uncertificated securities (*Wertrechte*, "**Uncertificated Securities**") pursuant to article 973c of the Swiss Code of Obligations. Uncertificated Securities are registered in the main register of a Swiss depository (*Verwahrungsstelle*; "**FISA Depository**") according to the Swiss Federal Act on Intermediated Securities ("**FISA**"). Upon (a) entering the Uncertificated Securities into the main register of a FISA Depository and (b) booking the Securities into a securities account at a FISA Depository, the Uncertificated Securities will constitute intermediated securities within the meaning of the FISA (*Bucheffekten*, "**Intermediated Securities**"). The Issuer has instructed SIX SIS AG, Baslerstrasse 100,

CH-4600 Olten, Switzerland, to also act as FISA Depositary, but reserves the right to choose any other FISA Depositary, including UBS AG.

***Issue date and term of the Securities***

The Securities are Euro ("EUR") denominated (the "**Redemption Currency**"). The Securities are issued in denomination of EUR 100,00 per Security. The Issuer will issue up to 500,000 Securities.

The Securities will be first issued on 17 February 2020 (the "**Issue Date**"). Subject to the Issuer Extension Option (as defined below), the Securities expire – provided that they are not terminated or redeemed early – on 11 February 2027 (the "**Expiration Date**").

The Issuer is entitled to extend, by giving notice to the Securityholders of not less than one hundred eighty (180) calendar days prior to the then existing Expiration Date, the maturity of all then outstanding Securities for one additional period of seven (7) calendar years (the "**Issuer Extension Option**"). In case that the Issuer exercises the Issuer Extension Option and unless a Securityholder reject such Issuer Extension Option in relation to the Securities held by it, investors in the Securities will receive any final payments under the Securities later than scheduled at the Issue Date.

***Rights attached to the Securities; payment profile at scheduled maturity***

The Securities are each linked to the notional EUR denominated Aktien Faktor-Select Global Portfolio (the "**Underlying**" or the notional "**Reference Portfolio**"), created and actively managed by KSW Vermögensverwaltung AG, Nordostpark 43, 90411 Nürnberg, Federal Republic of Germany (the "**Reference Portfolio Advisor**"). The Reference Portfolio aims to replicate the performance of (i) a long only basket of selected stocks (each, a "**Stock Constituent<sub>(i)</sub>**", and together, the "**Stock Constituents**") comprised in the universe of eligible stocks investments, (ii) long or short positions in equity futures markets (each, a "**Futures Constituent<sub>(i)</sub>**", and together, the "**Futures Constituents**") comprised in the universe of eligible futures investments, (iii) long positions in exchange-traded call and put equity vanilla options (each, an "**Equity Option Constituent<sub>(i)</sub>**", and together, the "**Equity Option Constituents**") comprised in the universe of eligible equity options investments, (iv) positions in synthetic currency accounts with positive or negative notional cash balances (each a "**Synthetic Currency Account Constituent<sub>(i)</sub>**", and together, the "**Synthetic Currency Account Constituents**", and together with the Stock Constituents, the Futures Constituents and the Equity Option Constituents, the "**Constituents**") comprised in the universe of eligible synthetic currency accounts investments and (v) a EUR denominated cash position (the "**Cash Position**"; which, together with the Constituents, shall be referred to as the "**Reference Portfolio Components**"), net of relevant fees, costs and expenses.

With the purchase of each (1) Security, the investor acquires the right, under certain conditions and as provided for in the Terms and Conditions of the Securities, to demand from the Issuer the payment of the Settlement Amount (as defined below) in the Redemption Currency, if applicable, commercially rounded to two decimal points (the "**Redemption Amount**") (the "**Security Right**").

The "**Settlement Amount**" per Security is calculated in accordance with the following formula:

$$\text{EUR } 100,00 \times \text{MAX} \left( 0, \frac{\text{Final Reference Portfolio Level}}{\text{Initial Reference Portfolio Level}} \right)$$

The "**Final Reference Portfolio Level**" means, subject to a market disruption, the value of the Reference Portfolio as determined by UBS AG, acting in its capacity as calculation agent in respect of the Securities, (the "**Calculation Agent**") on the date falling five business days prior to the applicable maturity date of the Securities, whereby the relevant value of the Reference Portfolio shall be: (i) the sum of the realisation proceeds as converted into the Redemption Currency where applicable, using the then prevailing exchange rate, as determined by the Calculation Agent in its reasonable discretion, that would be realized by a notional investor (in the same position as the Issuer) when selling and/or, as the case may be, unwinding the Constituents, then comprised in the Reference Portfolio **plus** (ii) the value of the Cash Position **minus** (iii) any accrued but not yet deducted fees of the Issuer and of the Reference Portfolio Advisor in connection with the Reference Portfolio.

The "**Initial Reference Portfolio Level**" of the Reference Portfolio is equal to EUR 100.00.

***Relative seniority of the Securities in the Issuer's capital structure in the event of insolvency***

The Securities constitute direct, unsecured and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.

***Restrictions on free transferability of the Securities***

The Securities are freely transferrable.

***Dividend or payout policy***

From time to time, the Reference Portfolio Advisor may request that the Issuer make a conditional distribution to the Securityholders in a specified amount in the Redemption Currency. However, such conditional distributions are subject to the Reference Portfolio Advisor's discretion and Securityholders are not entitled to regular distributions during the term



of the Securities.

### **Where will the Securities be traded?**

The Issuer intends to apply for the listing of the Securities at Frankfurt Stock Exchange (*Third Section (Freiverkehr)*) and Stuttgart Stock Exchange (*Third Section (Freiverkehr)*).

### **What are the key risks that are specific to the Securities?**

***The Securityholders are exposed to the risk of a bail-in.*** In case FINMA as supervisory authority in respect of the Issuer exercises resolution measures against the Issuer and writes down or converts the Securities into common equity of the Issuer, Securityholders would have no further claim against the Issuer under the Securities.

***The Securities are not protected by any statutory or voluntary deposit guarantee scheme.*** The Issuer's obligations under the Securities are not protected by any statutory or voluntary deposit protection scheme or compensation scheme. Further, no third party guarantees or commitments have been provided in respect of the Issuer's obligations under the Securities. Accordingly, in the event of insolvency of the Issuer, investors may thus experience a total loss of their investment in the Securities.

***Specific risks related to the linkage to the Reference Portfolio.*** The payment profile of the Securities is linked to the performance of a Reference Portfolio. Potential investors should be aware that the performance of the Reference Portfolio is impossible to predict. Poor performance of the Reference Portfolio would lead to a lower Redemption Amount, Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount under the Securities. In some cases, investors may even suffer a total loss of the invested capital.

***Specific risks related to early termination of the Securities.*** In case of an automatic early termination of the Securities or a termination of the Securities by the Issuer, Securityholders bear the risk they will not benefit from any future increases in the Level of the Reference Portfolio until the Maturity Date.

***Specific risks related to reinvestment.*** The Securityholders bear the risk of a reinvestment. The reinvestment risk is the risk that the Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount received by a Securityholder upon termination of the Securities can only be reinvested by such Securityholder for a term comparable with the scheduled term of the Securities only in market conditions which are less favourable (such as a lower return or an increased risk) than those prevailing at the time of the acquisition of the Securities. As a result, the yield achieved by this re-investment, i.e. new investment, over the respective term may be significantly lower than the return expected by the Securityholder with the purchase of the Securities. Moreover and depending on market conditions prevailing at the time of the new investment, the likelihood of a loss of such amounts re-invested may have increased significantly.

***Specific risks related to currency exchange rates.*** Individual Reference Portfolio Components may be denominated in currencies other than EUR in which the Reference Portfolio is denominated. To determine the Level of the Reference Portfolio, the Calculation Agent needs to convert the value of Reference Portfolio Components from their denomination currency into EUR. If any such denomination currency decreases in value against EUR, the value of the relevant Reference Portfolio Component used for the purposes of the calculating the Level of the Reference Portfolio would also decrease because of the currency conversion. As a consequence, the Level of the Reference Portfolio fluctuates not only depending on the performance of the individual Reference Portfolio Component, but also on the fluctuating exchange rates when converting the value of the relevant Reference Portfolio Component from its denomination currency into EUR. Unfavourably fluctuating exchange rates may, as a result, even significantly reduce the value of the Securities and of any amounts payable to the Securityholders.

***Specific risks related to termination and early redemption of the Securities at the option of the Issuer and to automatic early termination.*** In case the Issuer terminates and redeems the Securities prior to the Maturity Date, Securityholders are entitled to demand the payment of an amount in relation to this early redemption. However, Securityholders are not entitled to request any further payments on the Securities after the Extraordinary Termination Date and, accordingly, they bear the risk of not participating in the performance of the Reference Portfolio after the Extraordinary Termination Date. Accordingly, in case of termination and redemption of the Securities prior to the Maturity Date, Securityholders could receive less than the invested capital.

***Specific risks related to the market price of the Securities.*** Potential investors bear the risk that the market price of the Securities may fluctuate during the term of the Securities, including, without limitation, as a result of the performance of any individual Constituents or of the Reference Portfolio as a whole. Accordingly, Securityholders bear the risk that if they can sell any Securities prior to their due date, the sale proceeds may fall below (including significantly below) the amount of capital initially invested in the Securities and investors would then lose some or all of the invested capital.

***Specific risks related to the liquidity of the Securities.*** Potential investors bear the risk that there is no liquid market for trading in the Securities. Due to their structured nature and linkage to the Reference Portfolio, the Securities would generally have a more limited secondary market than conventional debt securities. This means that they may not be able

to sell the Securities at a time of their own choosing. This could, in turn, result in potential investors receiving a lower sale price than they would have received had a liquid market existed.

**Specific risks related to potential conflicts of interest of the Issuer and its affiliates.** The Issuer and its affiliates may have commercial interests that conflict with those of the Securityholders and that may impact the value and/or trading of the Securities. In turn, this could result in Securityholders receiving less when selling any Securities they hold than they would have received but for such conflicts of interest and/or even suffering a partial loss of the invested capital. Such conflicts of interest may arise in connection with the Issuer's involvement in other transactions, the Issuer's existing business relationship with the issuer of any Constituent of the Reference Portfolio or with the Issuer acting in any other capacity.

**Uncertainty about future performance; limited historic data.** Prospective investors should be aware that it is not possible to accurately predict the future performance of the Reference Portfolio. Poor performance of the Reference Portfolio would lead to payment of a lower Redemption Amount, Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount under the Securities. In some cases, investors may even suffer a total loss of the invested capital.

**Specific risks related to the lack of direct correlation between the performance of underlyings, individual Reference Portfolio Components and the overall performance of the Reference Portfolio.** Potential investors bear the risk that the positive performance of individual Reference Portfolio Constituents does not directly correlate to an overall positive performance of the Reference Portfolio. Further, the performance of any Reference Portfolio Components which are Stock Constituents is linked to, but does not directly correlate to, the performance of the company issuing the relevant shares. Similarly, the performance of any Reference Portfolio Components which are Futures Constituents is linked to, but does not directly correlate to, the performance of the underlying financial instrument, commodity or precious metal. A positive performance of a relevant underlying would not necessarily result in a positive performance of the relevant Reference Portfolio Component and, therefore, of the Securities. Therefore, potential investors are exposed to the risk that even as the value of individual underlyings or Reference Portfolio Components rises, the overall value of the Reference Portfolio decreases. Accordingly, Securityholders could receive lower returns than anticipated and, in extreme circumstances, may lose some or all of the invested capital.

**Specific risks related to Securityholders having no recourse to the Reference Portfolio Components.** Potential investors should be aware that the Securities do not create any entitlement, proprietary rights or recourse to any Reference Portfolio Components comprising the Reference Portfolio from time to time. Accordingly, in connection with all payments in respect of the Securities, the Securityholders are exposed solely to the credit risk of the Issuer and have no recourse to any underlying assets.

**Specific risks related to the performance of the Reference Portfolio Advisor.** Potential investors bear the risk that investment decisions made by the Reference Portfolio Advisor could result in a decline in the value of the Reference Portfolio. Further, potential investors bear the risk that the loss of one or more key individuals employed by the Reference Portfolio Advisor could prejudice the Reference Portfolio Advisor's ability to perform its responsibilities in relation to the Reference Portfolio. In either case, potential investors could realise a partial or total loss of the invested capital.

#### Section D – Key information on the offer of the Securities to the public and/or the admission to trading on a regulated market

##### Under which conditions and timetable can I invest in this security?

UBS Europe SE, Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main, Germany (the "Manager") shall be responsible for coordinating the entire Securities offering.

It has been agreed that, on or after the Issue Date of the Securities, UBS Europe SE, Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main, Germany, and the Reference Portfolio Advisor (each an "Authorised Offeror") may purchase Securities and shall place the Securities for sale in the Public Offer Jurisdictions at an amount of EUR 100,00 per Security (the "Issue Price") under terms subject to change in the Public Offer Jurisdictions. The Issue Price was fixed at the Start of the public offer of the Securities. Thereafter, the selling price will then be adjusted on a continuous basis to reflect the prevailing market situation.

As of 17 February 2020 (the "Start of the public offer of the Securities"), the Securities may be purchased from the Authorised Offeror(s) during normal banking hours. Such offer of the Securities is made on a continuous basis. There will be no subscription period. The Issue Price per Security is payable on 17 February 2020 (the "Initial Payment Date"). After the Initial Payment Date, the appropriate number of Securities shall be credited to the investor's account in accordance with the rules of the Clearing System.

##### Why is this prospectus being produced?

The Issuer intends to issue and offer the Securities to the public in order to raise funding for general business purposes of the UBS Group. A separate ("special purpose") fund will not be established. The Issuer shall not employ the net proceeds within Switzerland. The estimated total expenses of the issue and offer of the Securities to the public and the estimated net issuance proceeds are up to EUR 30,000,000.

It has been agreed that the Authorised Offerors shall underwrite the Securities on the Issue Date by means of an underwriting agreement dated as of the Issue Date and shall place them for sale under terms subject to change in the Public Offer Jurisdictions.

The Issuer and affiliated companies may participate in transactions related to the Securities in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Securityholders and may have a positive or negative effect on the value of the Reference Portfolio Components comprised in the Reference Portfolio, and consequently on the value of the Securities. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Securities. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and investors, in relation to obligations regarding the calculation of the price of the Securities and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Securities, such as calculation agent, paying agent and administrative agent.

Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the Reference Portfolio; introduction of such competing products may affect the value of the Securities. The Issuer and its affiliated companies may receive non-public information relating to the Reference Portfolio, and neither the Issuer nor any of its affiliates undertakes to make this information available to Securityholders.

Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to the Authorised Offerors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities, from the Authorised Offerors. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Manager, upon request, will provide information on the amount of these fees.

Save for the Manager and the Reference Portfolio Advisor regarding its fees, as far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer.

**SUMMARY OF THE PROSPECTUS IN THE GERMAN LANGUAGE****ZUSAMMENFASSUNG****Abschnitt A – Einleitung mit Warnhinweisen****Warnhinweise**

- a) Die Zusammenfassung sollte als Einleitung zu dem Prospekt verstanden werden.
- b) Anleger sollten jede Entscheidung, in die betreffenden Wertpapiere zu investieren, auf die Prüfung des Prospekts als Ganzes stützen.
- c) **Die Wertpapiere sind nicht kapitalgeschützt und sehen keinen Mindestrückzahlungsbetrag vor.** Anleger könnten damit ihr gesamtes angelegtes Kapital oder einen Teil davon verlieren.
- d) Für den Fall, dass vor einem Gericht Ansprüche aufgrund der im Prospekt enthaltenen Informationen geltend gemacht werden, können als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben.
- e) Zivilrechtlich haften nur diejenigen Personen, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass die Zusammenfassung, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die betreffenden Wertpapiere für die Anleger eine Entscheidungshilfe darstellen würden.
- f) Sie sind im Begriff, ein Produkt zu erwerben, das nicht einfach ist und schwer zu verstehen sein kann.

**Einleitende Angaben**

|  |  |
|--|--|
| <b>Bezeichnung der Wertpapiere:</b>  | 500.000 an die Entwicklung des virtuelle Aktien Faktor-Select Global Portfolio gebundene Portfolio-Zertifikate (" <b>Wertpapiere</b> "), ISIN CH0473581046   |
| <b>Identität und Kontakt-daten der Emittentin, einschließlich LEI:</b>                     | UBS AG.<br>Die Adressen und Telefonnummern der beiden Satzungs- und Verwaltungssitze der UBS AG lauten: Bahnhofstrasse 45, CH-8001 Zürich, Schweiz, Telefon: +41 (0) 44 234 1111; und Aeschenvorstadt 1, CH-4051 Basel, Schweiz, Telefon: +41 (0) 61 288 5050, LEI BFM8T61CT2L1QCEMIK50. |
| <b>Identität und Kontakt-daten des Anbieters, einschließlich LEI:</b>                      | UBS Europe SE, Bockenheimer Landstraße 2-4, 60306 Frankfurt am Main, Deutschland, Telefon: +49 (0) 69 21790, LEI 5299007QVIQ71O64NX37.<br>KSW Vermögensverwaltung AG, Nordostpark 43, 90411 Nürnberg, Bundesrepublik Deutschland, Telefon: +49 (0) 911 217730, LEI 5299007QRBQF1SF24853. |
| <b>Zuständige Behörde, die die Zusammenfassung und die Wertpapierbeschreibung billigt:</b> | Bundesanstalt für Finanzdienstleistungsaufsicht (" <b>BaFin</b> "), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Deutschland, Telefon: +49 (0) 228 41080.  |
| <b>Zuständige Behörde, die das Registrierungsformular billigt:</b>                         | BaFin, Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Deutschland, Telefon: +49 (0) 228 41080.   |
| <b>Datum der Billigung des Prospekts:</b>  | 12. Februar 2020   |

**Abschnitt B – Basisinformationen über den Emittenten****Wer ist die Emittentin der Wertpapiere?****Sitz und Rechtsform der Emittentin**

UBS AG ist in der Schweiz gegründet, hat ihren Sitz in der Bahnhofstrasse 45, CH-8001 Zürich, Schweiz, und in Aeschenvorstadt 1, CH-4051 Basel, Schweiz, und ist nach dem Schweizerischen Obligationenrecht als Aktiengesellschaft tätig. Die Rechtsträgerkennung (*Legal Entity Identifier*, "LEI") der UBS AG ist BFM8T61CT2L1QCEMIK50.

**Hauptgeschäftstätigkeiten der Emittentin**

Zweck der UBS AG ist der Betrieb einer Bank. Ihr Geschäftskreis umfasst alle Arten von Bank-, Finanz-, Beratungs-, Dienstleistungs- und Handelsgeschäften in der Schweiz und in anderen Jurisdiktionen. UBS AG kann Mittel am Kapitalmarkt aufnehmen und anlegen. Sie kann Darlehen, Garantien und andere Arten der Finanzierung und von Sicherheitsleistungen für Konzerngesellschaften gewähren.

**Wesentliche Aktionäre der Emittentin**

Die UBS Group AG ist Eigentümerin von 100 Prozent der ausstehenden Aktien der UBS AG.

**Identität der wesentlichen Geschäftsleiter der Emittentin**

Die wesentlichen Geschäftsleiter der Emittentin sind die Mitglieder ihrer Geschäftsleitung. Die Mitglieder sind: Sergio P. Ermotti, Christian Bluhm, Markus U. Diethelm, Kirt Gardner, Suni Harford, Robert Karofsky, Sabine Keller-Busse, Iqbal Khan, Edmund Koh, Tom Naratil, Piero Novelli und Markus Ronner.

**Identität des Abschlussprüfers der Emittentin**

Der Abschlussprüfer der Emittentin ist Ernst & Young Ltd, Aeschengraben 9, CH-4002 Basel.

**Wesentliche Finanzinformationen der Emittentin**

Die ausgewählten konsolidierten Finanzinformationen in der folgenden Tabelle für die am 31. Dezember 2018, 2017 und 2016 endenden Geschäftsjahre stammen aus dem Geschäftsbericht 2018, sofern nicht anders angegeben. Die ausgewählten konsolidierten Finanzinformationen in der folgenden Tabelle für die am 30. September 2019 und am 30. September 2018 endenden neun Monate stammen aus dem dritten Quartalsbericht 2019 der UBS AG.

Die konsolidierten Abschlüsse wurden in Übereinstimmung mit den International Financial Reporting Standards ("IFRS") verfasst, welche von dem International Accounting Standards Board ("IASB") veröffentlicht wurden.

| Mio. USD, Ausnahmen sind angegeben  | Für den<br>Neunmonatszeitraum<br>endend am oder per |         | Für das Geschäftsjahr endend am oder per |          |                      |
|---|---|---------|--|----------|----------------------|
|   | 30.9.19   | 30.9.18 | 31.12.18                                 | 31.12.17 | 31.12.16             |
|   | ungeprüft   |         | geprüft, Ausnahmen sind angegeben        |          |                      |
| <b>Ergebnisse</b>   |   |         |  |          |                      |
| <b>GuV</b>  |   |         |  |          |                      |
| Geschäftsertrag   | 22.162  | 23.559  | 30.642                                   | 30.044   | 28.831               |
| Nettozinsertrag <sup>1</sup>  | 3.171   | 3.765   | 5.949                                    | 6.607    | 6.457                |
| Provisionsüberschuss  | 13.057  | 13.660  | 17.930                                   | 17.550   | 16.644               |
| Wertberichtigungen für Kreditrisiken  | (70)  | (64)    | (117)                                    | (131)    | (38)                 |
| Sonstiger Nettoertrag aus Finanzinstrumenten, zum beizulegenden Zeitwert über Gewinne oder Verluste bewertet <sup>1</sup> | 5.457   | 5.659   | 5.977                                    | 5.067    | 5.018                |
| Geschäftsaufwand  | 17.807  | 18.517  | 25.184                                   | 24.969   | 24.643               |
| Ergebnis vor Steuern  | 4.355   | 5.042   | 5.458                                    | 5.076    | 4.188                |
| Den Aktionären zurechenbares Konzernergebnis  | 3.343   | 3.834   | 4.107                                    | 758      | 3.351                |
| <b>Bilanz <sup>2</sup></b>  |   |         |  |          |                      |
| Total Aktiven   | 972.048   |         | 958.055                                  | 940.020  | 919.236              |
| Total zu fortgeführten Anschaffungskosten bewertete Finanzverbindlichkeiten   | 603.594   |         | 612.174                                  | 660.498  | 612.884              |
| <i>davon: Kundeneinlagen</i>  | 429.143   |         | 421.986                                  | 423.058  | 418.129              |
| <i>davon: ausgegebene Schuldtitel zu amortisierten Kosten</i>   | 69.739  |         | 91.245                                   | 107.458  | 77.617               |
| <i>davon: nachrangige Verbindlichkeiten</i>   | 7.567   |         | 7.511                                    | 9.217    | 11.352* <sup>3</sup> |
| Summe Finanzverbindlichkeiten, erfolgswirksam zum beizulegenden Zeitwert über Gewinne oder Verluste bewertet <sup>1</sup> | 304.689   |         | 283.717                                  | 217.814  | 236.727              |
| <i>davon: zum beizulegenden Zeitwert ausgegebene Schuldtitel</i>  | 66.709  |         | 57.031                                   | 50.782   | 49.057               |
| Kredite und Vorschüsse an Kunden  | 321.666   |         | 321.482                                  | 328.952  | 300.678              |
| Gesamteigenkapital  | 54.776  |         | 52.432                                   | 52.046   | 53.627               |
| Den Aktionären zurechenbares Eigenkapital   | 54.613  |         | 52.256                                   | 51.987   | 52.957               |
| <b>Profitabilität und Wachstum</b>  |   |         |  |          |                      |
| Rendite auf Eigenkapital (RoE) (%)  | 8,4   | 9,9     | 7,9*                                     | 1,4*     | 6,0*                 |

|  |         |         |          |          |          |
|--|---------|---------|----------|----------|----------|
| Rendite auf Eigenkapital abzüglich Goodwill und anderer immaterieller Vermögenswerte (%) | 9,6     | 11,3    | 9,1*     | 1,6*     | 6,9*     |
| Rendite auf hartes Kernkapital (CET1) <sup>4, 5</sup>                                    | 12,6    | 14,8    | 11,9*    | 2,3*     | 10,2*    |
| Rendite auf risikogewichtete Aktiven, brutto (%)   | 11,2    | 12,3    | 12,0*    | 12,8*    | 13,1*    |
| Rendite auf den Leverage Ratio Denominator, brutto (%)                                   | 3,3     | 3,4     | 3,4*     | 3,4*     | 3,2*     |
| Kosten-/Ertragsverhältnis (%)  | 80,1    | 78,4    | 81,9*    | 82,7*    | 85,4*    |
| Wachstum des Ergebnisses (%)   | (12,8)  | 17,9    | 441,9*   | (77,4)*  | (48,5)*  |
| <b>Ressourcen</b>  |         |         |          |          |          |
| Hartes Kernkapital (CET1) <sup>4, 5</sup>  | 35.211  | 35.046  | 34.608   | 34.100*  | 31.879*  |
| Risikogewichtete Aktiven <sup>4</sup>  | 263.777 | 256.206 | 262.840* | 242.725* | 219.330* |
| Harte Kernkapitalquote (CET1) (%) <sup>4</sup>   | 13,3    | 13,7    | 13,2*    | 14,0*    | 14,5*    |
| Going-Concern-Kapitalquote (%) <sup>4</sup>  | 17,8    | 16,5    | 16,1*    | 15,6*    | 16,3*    |
| Total Verlustabsorptionsfähigkeitsquote (%) <sup>4</sup>                                 | 32,9    | 31,3    | 31,3*    | 31,4*    | 29,6*    |
| Leverage Ratio Denominator <sup>4</sup>  | 901.926 | 915.977 | 904.458* | 910.133* | 855.718* |
| Leverage Ratio des harten Kernkapitals (%) <sup>4</sup>                                  | 3,90    | 3,83    | 3,83*    | 3,75*    | 3,73*    |
| Going-Concern Leverage Ratio (%) <sup>4</sup>  | 5,2     | 4,6     | 4,7*     | 4,2*     | 4,2*     |
| Leverage Ratio der gesamten Verlustabsorptionsfähigkeit (%) <sup>4</sup>                 | 9,6     | 8,8     | 9,1*     | 8,4*     | 7,6*     |
| <b>Sonstiges</b>   |         |         |          |          |          |
| Verwaltete Vermögen (Mrd. USD) <sup>6</sup>  | 3.422   | 3.330   | 3.101    | 3.262    | 2.761    |
| Personalbestand (auf Vollzeitbasis)  | 47.180  | 47.091  | 47.643*  | 46.009*  | 56.208*  |

\* ungeprüft

<sup>1</sup> Ab dem ersten Quartal 2019 hat UBS AG die Präsentation des Dividendenertrags/-aufwands präzisiert. Dies führte zu einer Umklassifizierung von Dividenden aus *Zinsertrag (Aufwand) aus Finanzinstrumenten, zum beizulegenden Zeitwert über Gewinne oder Verluste bewertet* in *Sonstiger Nettoertrag aus Finanzinstrumenten, zum beizulegenden Zeitwert über Gewinne oder Verluste bewertet* (vor dem 1. Januar 2019: *Sonstiger Nettoertrag aus Veränderungen des Fair Value von Finanzinstrumenten, Nettozinsertrag und Sonstiger Nettoertrag aus Finanzinstrumenten, zum beizulegenden Zeitwert über Gewinne oder Verluste bewertet* für den am 30.09.2018 endenden Zeitraum wurden geändert.

<sup>2</sup> Wie im Geschäftsbericht 2018 ausgeführt, werden die Bilanzzahlen in der Spalte 31.12.2016 zu Vergleichszwecken zum 1.1.2017 angegeben; dies ist auf die Einführung des IFRS 9 zurückzuführen, der am 1.1.2018 in Kraft trat.

<sup>3</sup> Dieser Betrag wurde aus den geprüften und in Schweizer Franken angegebenen Finanzaufstellungen des Geschäftsberichts 2017 zu den Schlusswechsellkursen am Bilanzstichtag in US-Dollar umgerechnet.

<sup>4</sup> Basiert auf dem Schweizer SRB-Regelwerk per 1. Januar 2020.

<sup>5</sup> Die in Schweizer Franken veröffentlichten Angaben im Geschäftsbericht 2017 für den am 31. Dezember 2017 endenden Zeitraum (CHF 33.240 Mio.) und die in dem Geschäftsbericht 2016 für UBS Group AG und UBS AG für den am 31. Dezember 2016 endenden Zeitraum (CHF 32.447 Mio.) veröffentlichten Angaben wurden geprüft.

<sup>6</sup> Beinhaltet Vermögen unter der Verwaltung von Global Wealth Management, Asset Management und Personal & Corporate Banking.

## Zentrale Angaben zu den zentralen Risiken, die der Emittentin eigen sind

### Kreditrisiko im Zusammenhang mit UBS AG als Emittentin

Jeder Investor in von der UBS AG als Emittentin ausgegebene Wertpapiere unterliegt dem Kreditrisiko der UBS AG. Die Bewertung der Bonität der UBS AG kann durch eine Reihe von Faktoren und Entwicklungen beeinflusst werden. Dazu gehören Änderungen der Marktbedingungen und der makroökonomischen Gegebenheiten, das Kreditrisiko in Bezug auf Kunden und Gegenparteien, Auswirkungen von geltend gemachten Ansprüchen, Rechtsstreitigkeiten, Prozesse und behördliche Untersuchungen, die Verfügbarkeit von Finanzierungsquellen, Finanzinstitute betreffende Gesetzesänderungen, höhere regulatorische Erwartungen und regulatorische Änderungen, Reputationsschaden und betriebliche Risiken.

Bei Insolvenzgefahr der UBS ist die FINMA befugt, ein Sanierungs- oder Liquidationsverfahren zu eröffnen oder Schutzmassnahmen in Bezug auf die UBS Group AG, die UBS AG oder die UBS Switzerland AG zu ergreifen. Diese Verfahren oder Massnahmen können einen wesentlichen nachteiligen Effekt auf unsere Aktionäre und Gläubiger haben.

Falls Sanierungs- oder Liquidationsverfahren gegen UBS AG eingeleitet werden, kann den Inhabern von Wertpapieren erhebliche Verluste oder einen Totalverlust entstehen.

## Abschnitt C – Basisinformationen über die Wertpapiere

### Welches sind die wichtigsten Merkmale der Wertpapiere?

**Art, Gattung und ISIN der Wertpapiere**

Gegenstand dieses Prospekts sind die 500.000 an die Entwicklung des virtuelle Aktien Faktor-Select Global Portfolio gebundene Portfolio-Zertifikate, ISIN CH0473581046 (die "**Wertpapiere**").

Die Wertpapiere unterliegen Schweizer Recht.

Die Wertpapiere wurden als Wertrechte ("**Wertrechte**") im Sinne von Art. 973c des Schweizerischen Obligationenrechts ausgegeben. Die Wertrechte werden in dem Hauptregister einer Schweizer Verwahrungsstelle ("**Verwahrungsstelle**") im Sinne des Bundesgesetzes über die Bucheffekten ("**BEG**") registriert. Durch (a) die Eintragung der Wertrechte in das Hauptregister der Verwahrungsstelle und (b) die Einbuchung der Wertpapiere in das Effektenkonto einer Verwahrungsstelle begründen die Wertrechte Bucheffekten im Sinn des BEG ("**Bucheffekten**"). Die Emittentin hat SIX SIS AG, Baslerstrasse 100, CH-4600 Olten, Schweiz, auch als Verwahrungsstelle eingesetzt, behält sich aber das Recht vor, eine andere Verwahrungsstelle einschliesslich der UBS AG einzusetzen.

**Begebungstag und Laufzeit der Wertpapiere**

Die Wertpapiere lauten auf Euro ("**EUR**") ("**Auszahlungswährung**"). Die Wertpapiere werden mit einer Stückelung von EUR 100,00 je Wertpapier begeben. Die Emittentin wird bis zu 500.000 Wertpapiere begeben.

Die Wertpapiere werden erstmals am 17. Februar 2020 ausgegeben ("**Ausgabetag**"). Vorbehaltlich der Verlängerungsoption der Emittentin (wie nachstehend definiert) ist der Verfalltag der Wertpapiere – sofern keine vorzeitige Kündigung oder Auszahlung erfolgt – der 11. Februar 2027 ("**Verfalltag**").

Die Emittentin ist berechtigt, die Laufzeit aller ausstehenden Wertpapiere durch Bekanntmachung gegenüber den Wertpapiergläubigern gemäß den Wertpapierbedingungen mit einer Frist von mindestens einhundertachtzig (180) Kalendertagen um einen zusätzlichen Zeitraum von sieben (7) Kalenderjahren zu verlängern ("**Verlängerungsoption der Emittentin**"). Falls die Emittentin die Verlängerungsoption der Emittentin ausübt, erhalten Anleger in die Wertpapiere die abschließende Zahlungen aus den Wertpapieren später als am Ausgabetag der Wertpapiere vorgesehen, es sei denn, ein Wertpapiergläubiger lehnt die Verlängerungsoption der Emittentin hinsichtlich der von ihm gehaltenen Wertpapiere ab.

**Mit den Wertpapieren verbundene Rechte; Tilgungsprofil zum planungsgemäßen Laufzeitende**

Die Wertpapiere sind jeweils an die Entwicklung des virtuellen, auf Euro lautenden Aktien Faktor-Select Global Portfolio ("**Basiswert**" oder virtuelles "**Referenz-Portfolio**") gebunden, das von der KSW Vermögensverwaltung AG, Nordostpark 43, 90411 Nürnberg, Bundesrepublik Deutschland ("**Referenz-Portfolio Berater**") erstellt und aktiv verwaltet wird. Das Referenz-Portfolio zielt darauf ab, die Entwicklung (i) eines Korbs bestehend aus sog. Long-Positionen in ausgewählten Aktien (jeweils eine "**Aktien-Komponente<sub>(i)</sub>**" bzw. gemeinsam die "**Aktien-Komponenten**") aus dem Universum der Anlage in zulässige Aktien, (ii) Long- oder Short-Positionen an Märkten für Aktien-Futures (jeweils eine "**Futures-Komponente<sub>(ii)</sub>**" bzw. gemeinsam die "**Futures-Komponenten**") aus dem Universum der Anlage in zulässige Futures, (iii) Long-Positionen in börsengehandelten Call und Put Equity Vanilla Options (jeweils eine "**Equity Option-Komponente<sub>(iii)</sub>**", bzw. gemeinsam die "**Equity Option-Komponenten**") aus dem Universum der Anlage in zulässige Equity Options, (iv) Positionen in synthetischen Währungskonten mit positivem oder negativem virtuellem Saldo (jeweils eine "**Synthetische Währungskonten-Komponente<sub>(iv)</sub>**", bzw. gemeinsam die "**Synthetischen Währungskonten-Komponenten**", und gemeinsam mit den Aktien-Komponenten, den Futures-Komponenten und den Equity Option-Komponenten, die "**Komponenten**") aus dem Universum der Anlage in zulässige Synthetische Währungskonten, und (v) einer EUR-denominierte Barmittel-Position ("**Barmittel-Position**", die zusammen mit den Komponenten als "**Referenz-Portfolio Bestandteile**" bezeichnet wird) abzüglich bestimmter Gebühren, Kosten und Auslagen, abzubilden.

Mit dem Kauf eines (1) Wertpapiers erwirbt der Anleger das Recht, unter bestimmten Voraussetzungen und gemäß den Bedingungen der Wertpapiere von der Emittentin die Auszahlung des Abrechnungsbetrags (wie nachstehend definiert) in der Auszahlungswährung, gegebenenfalls auf zwei Dezimalstellen kaufmännisch gerundet ("**Auszahlungsbetrag**"), zu verlangen ("**Wertpapierrecht**").

Der "**Abrechnungsbetrag**" pro Wertpapier wird mit der folgenden Formel berechnet:

$$\text{EUR } 100,00 \times \text{MAX} \left( 0, \frac{\text{Finaler Referenz-Portfolio Level}}{\text{Anfänglicher Referenz-Portfolio Level}} \right)$$

Der "**Finale Referenz-Portfolio Level**" bezeichnet, vorbehaltlich einer Störung des Marktes, den Wert des Referenz-Portfolios, wie er für den fünf Geschäftstage vor dem jeweiligen Fälligkeitstag der Wertpapiere liegenden Tag von der UBS AG in ihrer Eigenschaft als Berechnungsstelle für die Wertpapiere ("**Berechnungsstelle**") berechnet wird, dabei entspricht der maßgebliche Wert des Referenz-Portfolios (i) der Summe der Veräußerungserlöse, unter Verwendung des jeweiligen maßgeblichen Währungswechselkurses, wie von der Berechnungsstelle nach billigem Ermessen bestimmt, in die Auszahlungswährung umgerechnet, die erzielt worden wären, wenn ein hypothetischer Investor (in derselben Position wie die Emittentin) die in dem Referenz-Portfolio jeweils enthaltenen virtuellen Komponenten veräußert bzw. aufgelöst hätte, **zuzüglich** (ii) des Werts der Barmittel-Position **abzüglich** (iii) der angefallenen, aber noch nicht abgezogenen Gebühren der Emittentin und des Referenz-Portfolio Beraters in Zusammenhang mit dem Referenz-Portfolio.

Der "**Anfängliche Referenz-Portfolio Level**" des Referenz-Portfolios entspricht EUR 100,00.

**Relativer Rang der Wertpapiere in der Kapitalstruktur der Emittentin im Fall einer Insolvenz**

Die Wertpapiere begründen unmittelbare, unbesicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen sonstigen gegenwärtigen und künftigen unbesicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, ausgenommen solche Verbindlichkeiten, denen aufgrund zwingender gesetzlicher Vorschriften Vorrang zukommt.

**Beschränkungen der freien Handelbarkeit der Wertpapiere**

Die Wertpapiere sind frei übertragbar.

**Angaben zur Dividenden bzw. Ausschüttungspolitik**

Der Referenz-Portfolio Berater kann gelegentlich verlangen, dass die Emittentin gegenüber den Wertpapiergläubigern eine bedingte Ausschüttung in Höhe eines bestimmten Betrags in der Auszahlungswährung vornimmt. Solche bedingten Ausschüttungen liegen im Ermessen des Referenz-Portfolio Beraters; die Wertpapiergläubiger haben keinen Anspruch auf regelmäßige Ausschüttungen während der Laufzeit der Wertpapiere.

**Wo werden die Wertpapiere gehandelt?**

Die Emittentin beabsichtigt, die Zulassung der Wertpapiere zum Handel an der Frankfurter Wertpapierbörse (Freiverkehr) und der Stuttgarter Börse (Freiverkehr) zu beantragen.

**Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?**

**Wertpapiergläubiger sind dem Risiko eines Bail-In ausgesetzt.** Falls die FINMA als Aufsichtsbehörde der Emittentin Abwicklungsmaßnahme gegen die Emittentin ausübt und die Wertpapiere herabschreibt oder in Eigenkapital der Emittentin umwandelt, hätten die Wertpapiergläubiger nicht weiter einen Anspruch gegen die Emittentin aus den Wertpapieren.

**Die Wertpapiere sind nicht durch eine gesetzliche oder freiwillige Einlagensicherung geschützt.** Die durch die Wertpapiere begründeten Verbindlichkeiten der Emittentin sind nicht durch ein gesetzliches oder freiwilliges System von Einlagensicherungen oder eine Entschädigungseinrichtung geschützt. Es besteht auch keine anderweitige Garantie oder Zusicherung eines Dritten für die Verpflichtungen der Emittentin aus den Wertpapieren. Anleger könnten folglich im Falle der Insolvenz der Emittentin einen Totalverlust ihrer Investition in die Wertpapiere erleiden.

**Spezifische Risiken im Zusammenhang mit dem Referenz-Portfolio.** Das Auszahlungsprofil der Wertpapiere ist an die Entwicklung des Referenz-Portfolios gebunden. Potenzielle Anleger sollten sich darüber im Klaren sein, dass es unmöglich ist, Vorhersagen über die künftige Wertentwicklung des Referenz-Portfolios zu machen. Eine ungünstige Wertentwicklung des Referenz-Portfolios hätte einen geringeren Auszahlungsbetrag, Kündigungsbetrag, Automatischen Beendigungsbetrag bzw. Außerordentlichen Kündigungsbetrag für die Wertpapiere zur Folge. In einigen Fällen könnte es sogar zu einem Verlust des gesamten eingesetzten Kapitals der Anleger kommen.

**Spezifische Risiken im Zusammenhang mit der vorzeitige Rückzahlung der Wertpapiere.** Im Falle einer automatischen vorzeitigen Beendigung der Wertpapiere oder einer Kündigung der Wertpapiere durch die Emittentin, tragen die Wertpapiergläubiger das Risiko, dass sie bis zum planmäßigen Fälligkeitstag nicht von künftigen Erhöhungen des Referenz-Portfolio-Levels profitieren.

**Spezifische Risiken im Zusammenhang mit Wiederanlagen.** Die Wertpapiergläubiger tragen ein Wiederanlagerisiko. Das Wiederanlagerisiko ist das Risiko, dass der Kündigungsbetrag, Automatische Beendigungsbetrag bzw. Außerordentliche Kündigungsbetrag, den der Wertpapiergläubiger bei einer Kündigung der Wertpapiere erhält, nur unter Marktbedingungen die ungünstiger sind (wie z.B. eine geringere Rendite oder ein erhöhtes Risiko) als die, die beim Erwerb der Wertpapieren vorlagen, für eine mit der planmäßigen Laufzeit der Wertpapieren vergleichbare Dauer wieder angelegt werden kann. Daher kann die durch diese Wiederanlage, d.h. Neuanlage, über die jeweilige Laufzeit erzielte Rendite deutlich niedriger sein als die von dem Wertpapiergläubiger mit dem Erwerb der Wertpapieren erwartete Rendite. Darüber hinaus kann die Wahrscheinlichkeit eines Verlusts derartiger wiederangelegter Beträge in Abhängigkeit von dem zum Zeitpunkt der Neuanlage herrschenden Marktbedingungen erheblich gestiegen sein.

**Spezifische Risiken im Zusammenhang mit Wechselkursschwankungen.** Einzelne Referenz-Portfolio Bestandteile können auf andere Währungen als den EUR lauten, auf den das Referenz-Portfolio lautet. Um den Referenz-Portfolio-Level zu berechnen, muss die Berechnungsstelle den Wert der Referenz-Portfolio Bestandteile von ihrer Denominierungswährung in EUR umrechnen. Wenn eine solche Denominierungswährung gegenüber dem EUR an Wert verliert, würde der Wert des entsprechenden Referenz-Portfolio Bestandteils, der für die Berechnung des Referenz-Portfolio Levels verwendet wird, aufgrund der Währungsumrechnung ebenfalls sinken. Infolgedessen schwankt der Referenz-Portfolio Level nicht nur in Abhängigkeit von der Entwicklung der einzelnen Referenz-Portfolio Bestandteile, sondern auch von den schwankenden Wechselkursen bei der Umrechnung des Wertes der betreffenden Referenz-Portfolio Bestandteile von ihrer Denominierungswährung in EUR. Ungünstig schwankende Wechselkurse können infolgedessen den Wert der Wertpapiere und der an die Wertpapiergläubiger zu zahlenden Beträge sogar erheblich verringern.



**Spezifische Risiken im Zusammenhang mit Kündigung und vorzeitiger Rückgabe der Wertpapiere durch die Emittentin und im Zusammenhang mit automatischer vorzeitiger Kündigung.** Falls die Emittentin die Wertpapiere vor dem Fälligkeitstag kündigt und vorzeitig zurückgibt, sind die Wertpapiergläubiger berechtigt, wegen dieser vorzeitigen Rückgabe die Zahlung eines Geldbetrags zu verlangen. Die Wertpapiergläubiger haben jedoch keinen Anspruch auf weitere Zahlungen auf die Wertpapiere nach dem Außerordentlichen Kündigungstag und riskieren damit, an der Wertentwicklung des Referenz-Portfolios nach dem Außerordentlichen Kündigungstag nicht zu partizipieren. Wertpapiergläubiger könnten im Falle einer Kündigung und Rückgabe der Wertpapiere vor dem Fälligkeitstag also weniger als das eingesetzte Kapital zurückerhalten.

**Spezifische Risiken im Zusammenhang mit dem Marktpreis der Wertpapiere.** Potenzielle Anleger tragen das Risiko möglicher Schwankungen des Marktpreises der Wertpapiere im Sinne dieses Prospekts, insbesondere aufgrund der Wertentwicklung einzelner Bestandteile oder des Referenz-Portfolios insgesamt. Falls sie Wertpapiere vor Fälligkeit verkaufen können, tragen potenzielle Anleger folglich das Risiko, dass der Verkaufserlös gegebenenfalls unter (oder gegebenenfalls deutlich unter) dem ursprünglich in die Wertpapiere investierten Kapital liegt und dass die Anleger in diesem Fall einen Teil des investierten Kapitals oder das gesamte investierte Kapital verlieren.

**Spezifische Risiken im Zusammenhang mit der Liquidität der Wertpapiere.** Potenzielle Anleger tragen das Risiko, dass es möglicherweise keinen liquiden Markt für den Handel mit den Wertpapieren gibt. Aufgrund ihres strukturierten Charakters und ihrer Verknüpfung mit dem Referenz-Portfolio hätten die Wertpapiere in Allgemeinen einen begrenzteren Sekundärmarkt als konventionelle Schuldverschreibungen. Das bedeutet, dass sie die Wertpapiere unter Umständen nicht zu einer von ihnen bestimmten Zeit verkaufen können. Dies könnte wiederum zur Folge haben, dass die potenziellen Anleger einen niedrigeren Verkaufspreis erzielen, als sie bei Vorhandensein eines liquiden Markts erzielt hätten.

**Spezifische Risiken im Zusammenhang mit potenziellen Interessenkonflikten der Emittentin und ihrer verbundenen Unternehmen.** Die Emittentin und ihre verbundenen Unternehmen können wirtschaftliche Interessen verfolgen, die den Interessen der Wertpapierinhaber widersprechen und den Wert der Wertpapiere und/oder den Handel mit den Wertpapieren beeinflussen können. Umgekehrt könnte dies zur Folge haben, dass die Wertpapiergläubiger beim Verkauf von Wertpapieren geringere Erlöse erzielen, als dies ohne die Interessenkonflikte der Fall gewesen wäre, und/oder dass sie sogar einen Teil ihres eingesetzten Kapitals verlieren. Solche Interessenkonflikte können im Zusammenhang mit der Beteiligung der Emittentin an anderen Transaktionen, existierenden Geschäftsbeziehungen mit dem Emittenten eines Bestandteils des Referenz-Portfolios oder einer sonstigen Tätigkeit der Emittentin entstehen.

**Unsicherheit über die zukünftige Wertentwicklung; begrenzte Daten für die Vergangenheit.** Potenzielle Anleger sollten sich darüber im Klaren sein, dass es nicht möglich ist, genaue Vorhersagen über die künftige Wertentwicklung des Referenz-Portfolios zu machen. Eine ungünstige Wertentwicklung des Referenz-Portfolios hätte zur Folge, dass ein geringerer Auszahlungsbetrag, Kündigungsbetrag, Automatischer Beendigungsbetrag bzw. Außerordentlicher Kündigungsbetrag für die Wertpapiere gezahlt werden würde. In einigen Fällen könnte es sogar zu einem Verlust des gesamten eingesetzten Kapitals der Anleger kommen.

**Spezifische Risiken im Zusammenhang mit der Entwicklung der Basiswerte, einzelner Referenz-Portfolio Bestandteile und der Entwicklung des Referenz-Portfolios insgesamt.** Potenzielle Anleger tragen das Risiko, dass die positive Entwicklung einzelner Referenz-Portfolio Bestandteile nicht unmittelbar mit einer positiven Entwicklung des Referenz-Portfolios insgesamt korreliert. Zudem steht die Entwicklung von Referenz-Portfolio Bestandteilen, die Aktien-Komponenten sind, mit der Entwicklung der Gesellschaft, die die Aktien begeben hat, in Zusammenhang, aber nicht in direkter Korrelation. Ebenso steht die Entwicklung von Referenz-Portfolio Bestandteilen, die Futures-Komponenten sind, mit der Entwicklung des jeweils zugrundeliegenden Finanzinstruments, Rohstoffs oder Edelmetalls in Zusammenhang, aber nicht in direkter Korrelation. Eine positive Wertentwicklung eines Basiswerts hätte nicht notwendigerweise eine positive Wertentwicklung des entsprechenden Referenz-Portfolio Bestandteils und damit der Wertpapiere zur Folge, die Gegenstand dieses Prospekts sind. Daher besteht für potenzielle Anleger das Risiko, dass selbst bei einem Wertzuwachs einzelner Basiswerte oder Referenz-Portfolio Bestandteile der Wert des Referenz-Portfolios insgesamt sinkt. Wertpapiergläubiger könnten also geringere Renditen erhalten als erwartet und in extremen Fällen einen Teil des investierten Kapitals oder das gesamte investierte Kapital verlieren.

**Spezifische Risiken im Zusammenhang mit dem fehlenden Zugriff der Wertpapiergläubiger auf die Referenz-Portfolio Bestandteile.** Potenzielle Anleger sollten sich darüber im Klaren sein, dass die Wertpapiere keinen Anspruch, keine geschützten Rechte und keine Möglichkeiten auf die im Referenz-Portfolio jeweils enthaltenen Referenz-Portfolio Bestandteile beinhalten. Bezüglich sämtlicher Zahlungen, die sie im Hinblick auf die Wertpapiere leisten, sind die Wertpapiergläubiger lediglich dem Bonitätsrisiko der Emittentin ausgesetzt, haben aber keine Möglichkeit zum Zugriff auf zugrundeliegende Vermögenswerte.

**Spezifische Risiken im Zusammenhang mit den Leistungen des Referenz-Portfolio Beraters.** Potenzielle Anleger tragen das Risiko, dass Anlageentscheidungen des Referenz-Portfolio Beraters einen Rückgang des Wertes des Referenz-Portfolios bewirken könnten. Potenzielle Anleger tragen außerdem das Risiko, das mit dem Ausscheiden eines oder mehrerer besonders wichtiger Mitarbeiter des Referenz-Portfolio Beraters verbunden sind, was die Fähigkeit des Referenz-Portfolio Beraters zur Erfüllung seiner Aufgaben beeinträchtigen könnte. Das könnte für die potenziellen Anleger jeweils einen teilweisen oder vollständigen Verlust des von ihnen investierten Kapitals zur Folge haben.

**Abschnitt D – Basisinformationen über das öffentliche Angebot von Wertpapieren und/oder die Zulassung zum Handel an einem geregelten Markt**

**Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?**

UBS Europe SE, Bockenheimer Landstraße 2-4, 60306 Frankfurt am Main, Deutschland ("**Manager**") ist für die Koordination des gesamten Wertpapierangebots zuständig.

Vereinbarungsgemäß werden UBS Europe SE, Bockenheimer Landstraße 2-4, 60306 Frankfurt am Main, Deutschland, und der Referenz-Portfolio Berater (jeweils ein "**Berechtigter Anbieter**") die Wertpapiere an oder nach dem maßgeblichen Ausgabebetrag der Wertpapiere erwerben und die Wertpapiere in den Jurisdiktionen des Öffentlichen Angebots, vorbehaltlich von Änderungen, zu einem Preis von EUR 100,00 pro Wertpapier (der "**Ausgabepreis**") zum Verkauf anbieten. Der Ausgabepreis wurde am Beginn des öffentlichen Angebots der Wertpapiere festgesetzt. Danach wird der Verkaufspreis fortlaufend - entsprechend der jeweiligen Marktsituation - angepasst.

Ab dem 17. Februar 2020 (der "**Beginn des öffentlichen Angebots der Wertpapiere**") können die Wertpapiere zu banküblichen Geschäftszeiten bei den Berechtigten Anbietern erworben werden. Die Wertpapiere werden fortlaufend angeboten. Eine Zeichnungsfrist ist nicht vorgesehen. Der Ausgabepreis pro Wertpapier ist am 17. Februar 2020 (der "**Zahltag bei Ausgabe**") zur Zahlung fällig. Die Wertpapiere werden nach dem Zahltag bei Ausgabe in entsprechender Anzahl und entsprechend den Regeln des Clearingsystems dem Konto des Erwerbers gutgeschrieben.

**Weshalb wird dieser Prospekt erstellt?**

Die Emittentin beabsichtigt, die Wertpapiere auszugeben und öffentlich anzubieten, um allgemeine geschäftliche Zwecke der UBS-Gruppe zu finanzieren. Dazu wird kein separater Fonds/Zweckvermögen gegründet. Die Emittentin wird die Nettoerlöse nicht innerhalb der Schweiz einsetzen. Die geschätzten Gesamtkosten der Ausgabe und des öffentlichen Angebots der Wertpapiere und die geschätzten Nettoemissionserlöse belaufen sich auf bis zu EUR 30.000.000.

Vereinbarungsgemäß werden die Berechtigten Anbieter die Wertpapiere am Ausgabebetrag im Rahmen eines vom Ausgabebetrag datierenden Emissionsvertrags zeichnen und die Wertpapiere in den Jurisdiktionen des Öffentlichen Angebots zu Bedingungen, die gegebenenfalls geändert werden können, zum Verkauf anbieten werden.

Die Emittentin und verbundene Unternehmen können sich an Transaktionen, die die Wertpapiere zum Gegenstand haben, auf eigene Rechnung oder für Rechnung eines Kunden beteiligen. Solche Transaktionen sind möglicherweise nicht im Interesse der Wertpapiergläubiger. Sie können positive oder negative Auswirkungen auf den Wert der Referenz-Portfolio Bestandteile im Referenz-Portfolio und folglich auf den Wert der Wertpapiere haben. Außerdem können mit der Emittentin verbundene Unternehmen gegebenenfalls Gegenparteien bei Deckungsgeschäften bezüglich der Verpflichtungen der Emittentin aus den Wertpapieren werden. Daher können hinsichtlich der Pflichten bei der Ermittlung der Kurse der Wertpapiere und anderen damit verbundenen Feststellungen sowohl unter den mit der Emittentin verbundenen Unternehmen als auch zwischen diesen Unternehmen und den Anlegern Interessenkonflikte auftreten. Zudem können die Emittentin und mit ihr verbundene Unternehmen in Bezug auf die Wertpapiere gegebenenfalls zusätzlich eine andere Funktion ausüben, zum Beispiel als Berechnungsstelle, Zahl- und Verwaltungsstelle.

Die Emittentin und mit ihr verbundene Unternehmen können darüber hinaus weitere derivative Instrumente in Verbindung mit dem Referenz-Portfolio ausgeben; die Einführung solcher miteinander im Wettbewerb stehender Produkte kann sich auf den Wert der Wertpapiere auswirken. Die Emittentin und ihre verbundenen Unternehmen können nicht-öffentliche Informationen in Bezug auf das Referenz-Portfolio erhalten, und weder die Emittentin noch eines der mit ihr verbundenen Unternehmen verpflichtet sich, solche Informationen Wertpapiergläubigern zugänglich zu machen.

Im Zusammenhang mit dem Angebot und Verkauf der Wertpapiere kann die Emittentin oder ein mit ihr verbundenes Unternehmen direkt oder indirekt Gebühren in unterschiedlicher Höhe an die Berechtigten Anbieter zahlen oder Gebühren in unterschiedlicher Höhe, einschließlich solcher, die im Zusammenhang mit dem Vertrieb der Wertpapiere erhoben werden, von den Berechtigten Anbietern erhalten. Potenzielle Anleger sollten sich darüber im Klaren sein, dass die Emittentin die Gebühren teilweise oder vollständig einbehalten kann. Über die Höhe dieser Gebühren erteilt die Emittentin bzw. der Manager auf Anfrage Auskunft.

Der Emittentin sind keine an der Emission der Wertpapiere beteiligten Personen bekannt, die ein wesentliches Interesse an dem Angebot haben, mit Ausnahme des Managers und des Referenz-Portfolio Beraters, was ihre Gebühren betrifft.

## SECURITIES NOTE

### A. RISK FACTORS

The different risk factors associated with an investment in the Portfolio Certificates linked to the notional Aktien Faktor-Select Global Portfolio (the "**Securities**") are outlined below. Investments in the Securities should not be made until all the factors relevant to the Securities have been acknowledged and carefully considered. **When making decisions relating to investments in the Securities, potential investors should consider all information contained in the Prospectus and, if necessary, consult their legal, tax, financial or other advisor.**

In each category, the most material risk factors, in the assessment of the Issuer as of the date of this Securities Note, are presented first. The Issuer has assessed materiality on a qualitative basis considering potential magnitude of the negative effects on the Issuer from the occurrence of a risk and the probability of occurrence of that risk. The Issuer believes the risk factors described below represent the principal risks inherent in investing in the Securities issued by UBS AG as Issuer, but additional risks and uncertainties that are not presently known or that the Issuer currently believes are not material may also adversely affect the Securities, even resulting in a total loss of the investment in the Securities.

#### **I. MATERIAL RISKS IN CONNECTION WITH THE SECURITIES**

##### **1. Material risks related to the rank and characteristics of the Securities in the case of a failure of the Issuer**

###### **1.1 The Securityholders are exposed to the risk of a bail-in**

In case the Swiss Financial Market Supervisory Authority's ("FINMA") as supervisory authority in respect of the Issuer exercises resolution measures against the Issuer and writes down or converts the Securities into common equity of the Issuer, Securityholders would have no further claim against the Issuer under the Securities.

The Issuer and the Securities are subject to the Swiss Banking Act and the FINMA bank insolvency ordinance, which empowers FINMA as the competent resolution authority to in particular apply under certain circumstances certain resolution tools to credit institutions. These measures include in particular the write-down or conversion of securities into common equity of such credit institution (the so called bail-in). A write-down or conversion would have the effect that the Issuer would insofar be released from its obligations under the Securities. Securityholders would have no further claim against the Issuer under the Securities. The resolution tools may, hence, have a significant negative impact on the Securityholders' rights by suspending, modifying and wholly or partially extinguishing claims under the Securities. In the worst case, this can lead to a **total loss of the Securityholders' investment in the Securities**.

Such legal provisions and/or regulatory measures may severely affect the rights of the Securityholders and may have a negative impact on the value of the Securities even prior to any non-visibility or resolution in relation to the Issuer.

###### **1.2 The Securities are not protected by any statutory or voluntary deposit guarantee scheme**

The Issuer's obligations under the Securities are not protected by any statutory or voluntary deposit protection scheme or compensation scheme. Further, no third party guarantees or commitments have been provided in respect of the Issuer's obligations under the Securities. Accordingly, in the event of insolvency of the Issuer, investors may thus experience a total loss of their investment in the Securities.

##### **2. Material risks related to the Terms and Conditions of the Securities and, in particular, the payment profile of the Securities**

###### **2.1 Specific risks related to the linkage to the Reference Portfolio**

The payment profile of the Securities is linked to the performance of a Reference Portfolio. Potential investors should be aware that the performance of the Reference Portfolio is impossible to predict.

**Poor performance of the Reference Portfolio would lead to a lower Redemption Amount, Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount under the Securities. In some cases, investors may even suffer a total loss of the invested capital.**

Prospective investors of the Securities should be aware that the payment profile of the Securities is linked to the performance of the Reference Portfolio.

Accordingly, an investment in the Securities involves a valuation risk with regard to the Reference Portfolio. Prospective investors should have experience with transactions in securities with a value derived from reference portfolios and their respective constituents. The value of the Reference Portfolio may vary over time and may increase or decrease by reference to a variety of factors which may include macro economic factors and speculation. In addition, the historical performance of the Reference Portfolio and its respective Constituents is not an indication of its future performance. Changes in the prices in relation to the Reference Portfolio and its respective Constituents will affect the trading price of the Securities, and it is impossible to predict whether the prices in relation to the Reference Portfolio and its respective Constituents will rise or fall.

Since the payment profile of the Securities is linked to the performance of the Reference Portfolio, prospective investors should be aware that a poor performance of the Reference Portfolio would result in a correspondingly lower Redemption Amount, Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount under the Securities. In extreme circumstances, if the Level of the Reference Portfolio becomes zero, it is possible that there is no final payment under the Securities. In such case, investors may suffer a total loss of the invested capital.

## **2.2 Specific risks related to possible fluctuations in the Level of the Reference Portfolio after termination of the Securities**

**Fluctuations in the Level of the Reference Portfolio after the termination of the Securities but before the Redemption Amount, Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount is determined could result in a lower redemption payment than investors anticipate at the time of termination.**

In the event that the term of the Securities is terminated early by the Issuer pursuant to the Terms and Conditions of the Securities, potential investors of the Securities should note that any adverse fluctuations in the Level of the Reference Portfolio between the announcement of the termination by the Issuer and the determination of the level of the Reference Portfolio relevant for the calculation of the then payable Termination Amount, the Extraordinary Termination Amount or, as the case may be, Automatic Termination Amount are borne by the Securityholders.

## **2.3 Specific risks related to early termination of the Securities**

**In case of an automatic termination of the Securities or a termination of the Securities by the Issuer, Securityholders bear the risk they will not benefit from any future increases in the Level of the Reference Portfolio until the scheduled Maturity Date.**

In the case of an automatic termination of the Securities or of a termination of the Securities by the Issuer, Securityholders will receive the corresponding Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount, if any, based on the value of the Reference Portfolio and its Reference Portfolio Components at the relevant valuation date when the relevant Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount, if any, is determined.

Such Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount, if any, may be low or even zero and may, in particular, be significantly lower than the Redemption Amount the Securityholder would have received if the Securities had not been terminated and the Level of the Reference Portfolio had increased until the scheduled Maturity Date. The Securityholder will suffer a loss in case the Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount, if any, payable by the Issuer is lower than the amount invested. It is also possible that the Securityholder suffers a total loss.

## **2.4 Specific risks related to reinvestment**

The Securityholders bear the risk of a reinvestment. The reinvestment risk is the risk that the Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount received by a Securityholder upon termination of the Securities can only be reinvested by such Securityholder for a term comparable with the scheduled term of the Securities only in market conditions which are less favourable (such as a lower return or an increased risk) than those prevailing at the time of the acquisition of the Securities. As a result, the yield achieved by this re-investment, i.e. new investment, over the respective term may be significantly lower than the return expected by the Securityholder with the purchase of the Securities. Moreover and depending on market conditions prevailing at the time of the new investment, the likelihood of a loss of such amounts re-invested may have increased significantly.

## **2.5 Specific risks related to currency exchange rates**

Individual Reference Portfolio Components may be denominated in currencies other than EUR in which the Reference Portfolio is denominated. To determine the Level of the Reference Portfolio, the Calculation Agent needs to convert the value of Reference Portfolio Components from their denomination currency into EUR. If any such denomination currency decreases in value against EUR, the value of the relevant Reference Portfolio Component used for the purposes of the calculating the Level of the Reference Portfolio would also decrease because of the currency conversion. As a consequence, the Level of the Reference Portfolio fluctuates not only depending on the performance of the individual Reference Portfolio Component, but also on the fluctuating exchange rates when converting the value of the relevant Reference Portfolio Component from its denomination currency into EUR. Unfavourably fluctuating exchange rates may, as a result, even significantly reduce the value of the Securities and of any amounts payable to the Securityholders.

## **2.6 Specific risks related to extension of the term of the Securities**

**If the Issuer exercises its unilateral option under the Terms and Conditions of the Securities to extend the term of the Securities and Securityholders do not object to such exercise, investors in the Securities will receive any final payments under the Securities later than scheduled. In such case, Securityholders bear the risk of poor performance of the Reference Portfolio during the extension period which could result in a total loss of the invested capital.**

Potential investors in the Securities should also be aware that under the Terms and Conditions of the Securities, the Issuer is entitled to extend, by giving notice to the Securityholder prior to the then existing Expiration Date (or any later expiration date resulting from any extension of the maturity of the Securities) the maturity of all then outstanding Securities for an additional period of seven (7) years, in which case the "Expiration Date" shall be deemed to be the date falling seven (7) years after the scheduled Expiration Date (the "**Issuer Extension Option**"). There is no limit to the number of times the Issuer may extend the maturity of the Securities. In case that the Issuer exercises the Issuer Extension Option and unless a Securityholder rejects such extension by written notice to the Issuer, investors in the Securities will receive any final payments under the Securities (and, therefore, realise any returns on the invested capital) seven (7) years later than scheduled. In case of such extension, Securityholders bear the risk of poor performance of the Reference Portfolio which would, in turn, result in a correspondingly lower Redemption Amount, Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount under the Securities. In extreme circumstances, if the Level of the Reference Portfolio becomes zero, it is possible that there is no final payment under the Securities. In such case, investors may suffer a total loss of the invested capital.

## **2.7 Specific risks related to termination and early redemption of the Securities at the option of the Issuer and to automatic early termination**

**In case the Issuer terminates and redeems the Securities prior to the Maturity Date, Securityholders are entitled to demand the payment of an amount in relation to this early redemption. However, Securityholders are not entitled to request any further payments on the Securities after the Extraordinary Termination Date and, accordingly, they bear the risk of not participating in the performance of the Reference Portfolio after the Extraordinary Termination Date. Accordingly, in case of termination and redemption of the Securities prior to the Maturity Date, Securityholders could**

receive less than the invested capital.

Potential investors in the Securities should furthermore be aware that the Issuer is under certain circumstances pursuant to the Terms and Conditions of the Securities entitled to terminate and redeem the Securities in full prior to the Expiration Date.

In particular, the Issuer is entitled to terminate and redeem the Securities in full on each of 31 December, 31 March, 30 June and 30 September (for the first time on 31 March 2020) in accordance with § 2 (4) of the Terms and Conditions of the Securities, subject to giving the Securityholders thirty (30) Business Days notice.

Further, if the Issuer or the Calculation Agent, as the case may be, determines that the Reference Portfolio by reference to which (A) any amount payable under the Terms and Conditions of the Securities or (B) the value of the Securities is determined, qualifies as a "benchmark" within the meaning of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in certain financial instruments and financial contracts or to measure the performance of investment funds (the "EU Benchmarks Regulation", where the Reference Portfolio is then also referred to as "Benchmark"), and the Issuer or the Calculation Agent, as the case may be, is, due to the EU Benchmarks Regulation, either no longer able to use the Reference Portfolio as Benchmark for the purposes of the Securities, or has control over the provision of the Benchmark (*administrator*) within the meaning of the EU Benchmarks Regulation without having the appropriate authorisation, registration, recognition, endorsement, equivalence, approval or inclusion in any official register which, in each case, is required under any applicable law or regulation for the Issuer or the Calculation Agent, as the case may be, to perform its or their respective obligations under the Terms and Conditions of the Securities, the Issuer is in accordance with § 8 of the Terms and Conditions of the Securities, entitled to terminate and redeem the Securities in full.

Potential investors in the Securities should also be aware that the Issuer is under certain circumstances pursuant to the Terms and Conditions of the Securities required to terminate and redeem the Securities in full prior to the Expiration Date.

In particular, the Issuer is required to terminate and redeem the Securities in full if KSW Vermögensverwaltung AG ceases to be or act as Reference Portfolio Advisor or if the Level of the Reference Portfolio reaches or falls below the Stop Loss Level.

In case the Issuer terminates and redeems the Securities prior to the Maturity Date, the Securityholder is entitled to demand the payment of an amount in relation to this early redemption. However, the Securityholder is not entitled to request any further payments on the Securities after the Extraordinary Termination Date.

The Securityholder, therefore, bears the risk of not participating in the performance of the Reference Portfolio and its respective Reference Portfolio Components to the expected extent and during the expected period and, therefore, may receive less than the capital it has invested.

Further, the Securityholder bears the risk that the Issuer terminates and redeems the Securities at a point in time which is unfavourable to the Securityholder. This may be because the Securityholder expects that the value of the Securities would rise at the time when the Issuer terminates and redeems the Securities. In such case, the Securityholder would not be able to realise any anticipated increases in the value of the Securities.

## **2.8 Specific risks related to Market Disruption and Unwind Disruption in respect of the Securities**

**The occurrence of a Market Disruption or, as the case may be, Unwind Disruption may cause a delay in the termination and/or redemption of the Securities and the payment of any associated amounts. It is also possible that the price of any Constituents determined by the Calculation Agent following the occurrence of a Market Disruption or, as the case may be, Unwind Disruption turns out to be inaccurate. This could result in a partial loss of the invested capital.**

The Calculation Agent may determine that a Market Disruption has occurred with respect to any Constituent (or, in respect of a Rebalancing only, any Eligible Constituent) and/or that such Market

Disruption is ongoing. Further, the Calculation Agent may determine that an Unwind Disruption has occurred with respect to any Constituent. Such determination would be made in accordance with § 9 of the Terms and Conditions of the Securities. In making such determination the Calculation Agent acts in its reasonable discretion and is not bound by any third-party measures or assessments.

The occurrence of a Market Disruption or, as the case may be, Unwind Disruption may lead to a postponement of the Valuation Date with respect to some or all of the Constituents until such date when such Market Disruption or, as the case may be, Unwind Disruption is no longer continuing. It may also lead to the Calculation Agent determining the price of such Constituents in its reasonable discretion. The price of such Constituents is required for calculating the applicable Redemption Amount, Automatic Termination Amount, Termination Amount or, as the case may be, Extraordinary Termination Amount payable in connection with the termination and/or redemption of the Securities. Therefore, the occurrence of a Market Disruption or, as the case may be, Unwind Disruption may cause a delay in the termination and/or redemption of the Securities and the payment of any associated amounts. It is also possible that the price of any Constituents determined by the Calculation Agent turns out to be inaccurate. This could result in a partial loss of the invested capital.

## **2.9 Specific risks related to adjustments of the Level of the Reference Portfolio or the Terms and Conditions of the Securities by the Issuer and the Calculation Agent**

**Adjustments by the Issuer and the Calculation Agent to the Level of the Reference Portfolio or the Terms and Conditions of the Securities made in accordance with the Terms and Conditions of the Securities, if inaccurate or insufficient, may not preserve the underlying concept or calculation of the Reference Portfolio applicable prior to such changes and could therefore have an adverse effect on the value of the Securities. This could result in a partial loss of the invested capital.**

Any changes to the calculation (including corrections) to the Reference Portfolio or of the composition of the Reference Portfolio or of the Exposure or Weight of any Reference Portfolio Component would not generally lead to an adjustment of either the Level of the Reference Portfolio or the Terms and Conditions of the Securities. However, if, following such changes, the Issuer and the Calculation Agent, in their reasonable discretion, determine that, following such changes, the underlying concept and the calculation of the Reference Portfolio are no longer comparable to the underlying concept or calculation of the Reference Portfolio applicable prior to such changes, the Issuer and the Calculation Agent shall be entitled to make adjustments to the Level of the Reference Portfolio or the Terms and Conditions of the Securities in accordance with § 7 of the Terms and Conditions of the Securities.

While the Securities would remain outstanding after any such adjustments made by the Issuer and the Calculation Agent, the Securityholder is exposed to the risk that any such adjustments would subsequently turn out to be have been inaccurate or insufficient. This may result in the Securityholder being placed in an inferior financial position than existed prior to any such adjustments, including a partial loss of the invested capital.

## **2.10 Specific risks related to the substitution of the Issuer**

**A substitution of the Issuer in accordance with the Terms and Conditions of the Securities may affect any existing admission of the Securities to trading on any stock exchange and, therefore, may have an adverse effect on the liquidity and/or trading of the Securities which, in turn, could make it more difficult for Securityholders to dispose of the Securities and realise their investment.**

Under the Terms and Conditions of the Securities, the Issuer is entitled to substitute another company within the UBS Group as issuer (the "**Substitute Issuer**") with respect to all obligations under or in connection with the Securities. Such Substitute Issuer will assume all obligations of the Issuer under or in connection with the Securities, including the obligation to pay any Conditional Distributions and any Redemption Amount, Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount. The Securityholder would therefore be exposed to the credit risk of the Substitute Issuer.

A substitution of the Issuer may affect any existing admission of the Securities to trading on any stock exchange. The Substitute Issuer may be required to reapply for such admission. A substitution of the Issuer may therefore have an adverse effect on the liquidity and/or trading of the Securities which, in turn, could make it more difficult for Securityholders to dispose of the Securities and realise their

investment.

### 2.11 Specific risks related to determinations by the Calculation Agent

**Any exercise of discretion by the Calculation Agent in accordance with the Terms and Conditions of the Securities need not take into account the interests of the Securityholders and, therefore, may be detrimental to the value of the Securities. Securityholders generally cannot challenge such exercise of discretion save in the case of manifest error. This could diminish the economic returns of an investment in the Securities and, in extreme circumstances, even result in a partial loss of the invested capital.**

The Calculation Agent has certain discretion under the Terms and Conditions of the Securities. This includes, in particular, the ability of the Calculation Agent:

- to determine the Level of the Reference Portfolio;
- to determine whether certain events have occurred (in particular, the occurrence of a Market Disruption or whether, following any changes in the calculation of the Reference Portfolio or the composition of the Reference Portfolio or of the Exposure or Weight of any Reference Portfolio Component, the underlying concept and the calculation of the Reference Portfolio are no longer comparable to the underlying concept and the calculation of the Reference Portfolio applicable prior to such changes, in each case, in accordance with the Terms and Conditions of the Securities);
- to determine any resulting adjustments and calculations, including adjustments to the Level of the Reference Portfolio or the Terms and Conditions of the Securities;
- to postpone valuations or payments under the Securities,

The Calculation Agent will make any such determination in its reasonable discretion. However, where the Calculation Agent is required to make a determination it may do so without taking into account the interests of the Securityholders. Potential investors should be aware that any determination made by the Calculation Agent may have an impact on the value and financial return of the Securities. Any such discretion exercised by, or any determination made by, the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders. This could diminish the economic returns of an investment in the Securities and, in extreme circumstances, even result in a partial loss of the invested capital.

### 2.12 Specific risks related to a potential restructuring of the Issuer's business

**UBS has announced its intention to make certain structural changes in light of regulatory trends and requirements and the Terms and Conditions of the Securities do not contain any restrictions on the Issuer's or UBS's ability to restructure its business. Any such restructuring of the Issuer's or UBS's business, should it occur, could adversely affect the credit rating of the Issuer and/or increase the likelihood of the occurrence of an Event of Default. An Issuer default could result in Securityholders losing some or all of the invested capital.**

In 2014, UBS began adapting its legal entity structure to improve the resolvability of the Group in response to too big to fail requirements in Switzerland and recovery and resolution regulation in other countries in which the Group operates. In December 2014, UBS Group AG became the holding company of the Group.

In 2015, UBS AG transferred its Personal & Corporate Banking and Wealth Management businesses booked in Switzerland to the newly established UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland, and UBS implemented a more self-sufficient business and operating model for UBS Limited, UBS's investment banking subsidiary in the UK. In 2016, UBS Americas Holding LLC was designated as intermediate holding company for UBS's US subsidiaries and UBS merged its Wealth Management subsidiaries in various European countries into UBS Europe SE. Additionally, UBS transferred the majority of Asset Management's operating subsidiaries to UBS Asset Management AG.

UBS Business Solutions AG, a direct subsidiary of UBS Group AG, was established in 2015 and acts as the Group service company. In 2017, UBS's shared services functions in Switzerland and the UK were transferred from UBS AG to UBS Business Solutions AG, which is UBS's Group service



company and a wholly owned subsidiary of UBS Group AG. UBS also completed the transfer of shared services functions in the US to its US service company, UBS Business Solutions US LLC, a wholly owned subsidiary of UBS Americas Holding LLC.

In March 2019, UBS Limited, UBS's UK headquartered subsidiary, was merged into UBS Europe SE prior to the UK's scheduled departure from the EU. Former clients and other counterparties of UBS Limited who can be serviced by UBS AG's London Branch were migrated to UBS AG's London Branch prior to the merger.

UBS continues to consider further changes to the Group's legal structure in response to regulatory requirements and other external developments, including the anticipated exit of the United Kingdom from the European Union. Such changes may include further consolidation of operating subsidiaries in the EU, and adjustments to the booking entity or location of products and services.

The Terms and Conditions of the Securities contain no restrictions on change of control events or structural changes, such as consolidations or mergers or demergers of the Issuer or the sale, assignment, spin-off, contribution, distribution, transfer or other disposal of all or any portion of the Issuer's or its subsidiaries' properties or assets in connection with the announced changes to its legal structure or otherwise and no event of default, requirement to repurchase the Securities or other event will be triggered under the Terms and Conditions of the Securities as a result of such changes. There can be no assurance that such changes, should they occur, would not adversely affect the credit rating of the Issuer and/or increase the likelihood of the occurrence of an event of default. An Issuer default could result in investors losing some or all of the invested capital

### **3. Material risks in connection with investing in, holding and selling the Securities**

#### **3.1 Specific risks related to the market price of the Securities**

**Potential investors bear the risk that the market price of the Securities may fluctuate during the term of the Securities, including, without limitation, as a result of the performance of any individual Constituents or of the Reference Portfolio as a whole. Accordingly, Securityholders bear the risk that if they can sell any Securities prior to their due date, the sale proceeds may fall below (including significantly below) the amount of capital initially invested in the Securities and investors would then lose some or all of the invested capital.**

There may be substantial fluctuations in the price of any one or more Constituents and, therefore, of the Level of the Reference Portfolio and therefore also the price of the Securities during the term of the Securities. This may result in the value of the Securities falling below the amount of capital which Securityholders initially invest in the Securities.

For these purposes, please note that references in this and subsequent risk factors to the amount of capital invested by Securityholders in subscribing for or otherwise purchasing the Securities shall be deemed to include all other costs associated with such investment.

In the event of any Securityholders sell their Securities prior to the due date, the following issues may arise: The proceeds generated from the sale may fall well below the amount of capital initially invested in the Securities. This would result in the Securityholders incurring a loss.

The following factors may have an effect on the market price for the Securities:

- the remaining term of the Securities,
- any changes in the value of any one or more Constituents,
- any changes in the creditworthiness of, or credit rating for, the Issuer or
- any changes in the market interest rate.

Several individual market factors may also arise at the same time and no assurance can be given with regard to the effect that any combination of market factors may have on the value of the Securities.

The value of the Securities may fall even in the event that the price of any one or more Constituents

remains constant or rises slightly.

Further, the Issuer, acting as market maker, may determine the buying and selling prices for the Securities ("**Market Making**") on a regular basis under normal market conditions. A market maker may also be one of the Issuer's affiliates or another financial institution. The market maker does not, however, provide any guarantee that the prices specified by it are appropriate. Nor does the market maker guarantee that prices for the Securities will be available at all times during their term.

The market maker is also entitled to change the method it uses for determining prices at any time and at its own discretion. This means, for instance, that the market maker can change its calculation models and/or increase or reduce the spread between the bid and the offer price. It is also the case that the availability of the relevant electronic trading platforms may become limited, or that such platforms may become completely unavailable, in the event of a Market Disruption or technical difficulties. The market maker tends not to determine any bid or offer prices in the event of exceptional market conditions or extreme price fluctuations. Securityholders therefore bear the risk that in certain circumstances they will not be provided with a price for the Securities. This means that Securityholders would not always be in a position to sell their Securities on the market at an appropriate price. If potential investors sell their Securities at an undervalue, they may suffer a partial loss of the invested capital.

The opening times for a market for the Securities are often different to the opening times for the market for any Constituent. This means that the market maker may be required to estimate the price for such Constituent in order to be able to determine the price for the Securities. These estimates may turn out to be inaccurate. They may also have adverse effects for the Securityholders.

Investors should also be aware that the Issue Size for the Securities which is specified in the Terms and Conditions of the Securities does not provide any reliable indication of the volume of the Securities actually issued or outstanding. This means that it is not possible to draw any conclusions from the Issue Size in terms of the liquidity of the Securities in the context of potential trading.

In connection with Market Making, some costs will be deducted over the term of the Securities when the market maker determines the price of the Securities. However, such deductions would not always be evenly distributed over the term of the Securities. Costs may be deducted in full from the fair value of the Securities at an early date to be stipulated by the market maker. The prices determined by the market maker can therefore vary considerably from the fair value of the Securities or their expected value based on economic considerations. In addition, the market maker can change the methods used for determining the price of the Securities at any time after pricing. For instance, the market maker can increase or decrease the bid/offer spread.

The Securities are not capital-protected and do not provide for any minimum repayment value. This means that Securityholders are exposed to a significant risk of loss as a result of fluctuations in the market price of the Securities. In extreme circumstances, the total loss of the amount of capital which Securityholders initially invest in the Securities is also possible.

### **3.2 Specific risks related to the liquidity of the Securities**

**Potential investors bear the risk that there is no liquid market for trading in the Securities. Due to their structured nature and linkage to the Reference Portfolio, the Securities would generally have a more limited secondary market than conventional debt securities. This means that they may not be able to sell the Securities at a time of their own choosing. This could, in turn, result in potential investors receiving a lower sale price than they would have received had a liquid market existed.**

It is not possible to predict if and to what extent a secondary market may develop in the Securities or at what price the Securities will trade in the secondary market or whether such market will be liquid or illiquid. This is particularly the case for the Securities that, due to their linkage to the Reference Portfolio, are structured products designed for specific investment objectives or strategies. Due to these bespoke features of the Securities, the Securities would generally have a more limited secondary market and higher price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Securities and such value may even fall below the amount invested by the Securityholder when purchasing the Securities.

Applications will be made for inclusion of the Securities on the unofficial regulated market (*Third Section (Freiverkehr)*) of the Frankfurt Stock Exchange and the Stuttgart Stock Exchange. If the Securities are admitted or listed, no assurance is given that any such admission or listing will be maintained. If the Securities are no longer admitted or listed, pricing information for the Securities may be more difficult to obtain and the liquidity of the Securities, if any, may be adversely affected. However, even if the Securities continue to be listed, that does not guarantee substantial sales of the Securities on the relevant exchange. Low sales on a stock exchange make it more difficult to sell the Securities at a favourable price. This is referred to as an illiquid market for the Securities.

The liquidity of the Securities, if any, may also be affected by restrictions on the purchase and sale of the Securities in some jurisdictions. Additionally, the Issuer has the right (but no obligation) to purchase Securities at any time and at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or resold or surrendered for cancellation.

Potential investors should not assume that a liquid market for the Securities will always be available. Potential investors should be prepared for the eventuality of not being able to sell their Securities to a market participant. This could, in turn, result in potential investors receiving a lower sale price than they would have received had a liquid market existed.

### **3.3 Specific risks related to potential conflicts of interest of the Issuer and its affiliates**

**The Issuer and its affiliates may have commercial interests that conflict with those of the Securityholders and that may impact the value and/or trading of the Securities. In turn, this could result in Securityholders receiving less when selling any Securities they hold than they would have received but for such conflicts of interest and/or even suffering a partial loss of the invested capital. Such conflicts of interest may arise in connection with the Issuer's involvement in other transactions, the Issuer's existing business relationship with the issuer of any Constituent of the Reference Portfolio or with the Issuer acting in any other capacity.**

#### **(a) Other transactions**

The Issuer operates on the domestic and international securities, forex, credit derivatives and commodity markets on a daily basis. It may therefore enter into transactions directly or indirectly related to the Securities for its own account or for the account of customers. Moreover, the Issuer may also enter into transactions relating to any one or more Constituents or the Reference Portfolio. These may have an adverse effect on the performance of the relevant Constituent(s) or the Reference Portfolio. Therefore, they can also have an adverse effect on the value and/or trading of the Securities. In this context, the Issuer may pursue commercial interests that conflict with those of the Securityholders.

The value of the Securities may also be impaired by the termination of some or all of these transactions.

The Issuer can buy and sell Securities for its own account or for the account of third parties. It can also issue further Securities. Such transactions in the Securities may reduce the value of the Securities. Further, the launch of other rival products by the Issuer can impair the value of the Securities.

#### **(b) Business relationships**

The Issuer and its affiliates may have business relationships with the issuers of any one or more Constituents. Such business relationships can involve advisory or trading activities. In this context, the Issuer may take steps that it considers necessary to safeguard its interests in respect of these business relationships. In doing so, the Issuer is not obliged to consider the impact of such steps on the Securities and on Securityholders.

The Issuer may perform, enter into and participate in transactions influencing the value of the Constituents or the Reference Portfolio. Such business relationships to issuers of the any one or more Constituents may have an adverse effect on the value of the Securities. This may lead to a conflict of interests for the Issuer.

**(c) Information relating to any one or more Constituents**

The Issuer and its affiliates may have or obtain significant confidential information about any one or more Constituents. The Issuer and its affiliates are under no obligation to disclose such information to the Securityholders. Securityholders may therefore make incorrect decisions relating to the Securities as a result of missing, incomplete or incorrect information with respect to any one or more Constituents. In the worst case scenario, this can lead to the loss of the Securityholders' entire investment in the Securities.

**(d) Acquisition, holding or sale of one or more Constituents by the Issuer**

It is possible that the Issuer or any of its affiliates hold shares in a company which has issued one or more of the Stock Constituent comprising the Reference Portfolio from time to time which may result in conflicts of interest. The Issuer and any of its affiliates may also decide not to hold any Stock Constituent used as the Reference Portfolio Component, or not to conclude any derivative contracts linked to such Stock Constituent. Neither the Issuer nor any of its affiliates are limited in selling, pledging or otherwise assigning rights, claims and holdings regarding any Stock Constituent comprising the Reference Portfolio from time to time or any derivative contracts relating to such Stock Constituent. This could lead to a worse performance of the Reference Portfolio overall and, therefore, to lower returns realised by Securityholders.

**(e) Pricing of one or more Constituents by the Issuer**

The Issuer and its affiliates can also act as market maker in respect of any one or more Constituents. Such Market Making may have a decisive impact on the price of any relevant Constituents and, therefore, to lower returns realised by Securityholders.

**3.4 Specific risks related to hedging transactions entered into by Securityholders**

**Because of the structured nature of the Securities and the fluctuating composition of the Reference Portfolio, potential investors bear the risk that they may not be able to fully hedge the risks arising from the Securities. If any of the risks which potential investors have not been able to fully hedge materialise, potential investors could suffer a loss of some or all of the invested capital.**

Because of the structured nature of the Securities and the fluctuating composition of the Reference Portfolio, potential investors cannot rely on being able to enter into transactions to fully hedge the risks arising from the Securities. If any of the risks which potential investors have not been able to fully hedge materialise, potential investors could suffer a loss of some or all of the invested capital. Whether or not potential investors are able to enter into hedging transactions depends on the composition of the Reference Portfolio, the market situation and the prevailing conditions. Transactions designed to offset or limit risks might only be possible at an unfavourable market price that will entail a loss for investors. Potential investors should further be aware that hedging transactions generate additional costs and may lead to significant losses.

**3.5 Specific risks related to the unwinding of hedging transactions entered into by the Issuer**

**If the Issuer enters into hedging transactions in connection with the Securities and such hedging transactions are unwound, this could have an impact on the price of one or more Constituents and, therefore, on the Redemption Amount, Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount in respect of the Securities. In such cases, Securityholders could even suffer a partial loss of the invested capital.**

The Issuer may use all or some of the proceeds received from the sale of the Securities to enter into hedging transactions relating to the risks incurred in issuing the Securities. If the Securities are terminated and redeemed early, such hedging transactions would be generally closed out or terminated. The number of hedging transactions to be closed out or terminated depends on the number of Securities to be redeemed. If a large number of hedging transactions are closed out or terminated, this could have an impact on the price of one or more Constituents and, therefore, on the Redemption Amount, Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount in respect of the Securities. In such cases, Securityholders could even suffer a partial loss of the invested capital.

For example, the Reference Portfolio in respect of the Securities may comprise a certain Stock Constituent. The Issuer may hedge its future payment obligations in respect of the Securities by purchasing such Stock Constituent (i.e., a hedging transaction). Prior to the Maturity Date in respect of the Securities, the Issuer may sell such Stock Constituent on the Relevant Exchange (i.e., a termination of the hedging transaction). This sale would take place on the relevant Valuation Date. If a large number of Stock Constituents are sold, because a large number of Securities are due to be terminated and redeemed on the relevant Valuation Date, such sale could put downward pressure on the price of the relevant Stock Constituent on the Relevant Exchange. However, since the Redemption Amount, Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount in respect of the Securities depends on the price of such Stock Constituent on the relevant Valuation Date, the termination of the hedging transaction may have an adverse effect on the Redemption Amount, Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount in respect of the Securities.

### 3.6 Specific risks related to taxation

**Potential investors bear the risk that the tax treatment of the Securities may change. This could reduce the gains potential investors realise in respect of their holding of the Securities.**

Tax law and practices are subject to changes, including changes with retroactive effect. Any changes to tax law and practices may have an adverse effect on the value of the Securities and/or the market price of the Securities. In particular, the tax treatment of the Securities may change after a Securityholder invests in the Securities. A potential investor therefore bears the risk that the tax treatment of the Securities differs from the tax treatment anticipated at the time when such potential investor decides to invest in the Securities and/or that the tax treatment of the Securities becomes disadvantageous to the Securityholder. Changes in the tax treatment may have a significant impact on the value of the Securities and may also significantly reduce any yield achieved under the Securities. Securityholders may even suffer a partial loss of the amounts invested. Each potential investor should seek the advice of their personal tax consultant before making the decision to invest in the Securities.

### 3.7 Specific risks related to US withholding tax

**Since the Reference Portfolio could comprise or be linked to one or more dividend-paying U.S. equity securities, potential investors bear the risk that payments under the Securities are subject to U.S. tax on dividend-equivalent payments. This could reduce the gains potential investors realise in respect of their holding of the Securities.**

#### **Payments under the Securities may be subject to U.S. withholding under the U.S. Internal Revenue Code**

A 30 per cent. withholding tax is imposed on certain "dividend equivalents" paid or deemed paid to a non-U.S. Securityholder with respect to a "specified equity-linked instrument" that references one or more dividend-paying U.S. equity securities. The withholding tax can apply even if the instrument does not provide for payments that reference dividends. U.S. Treasury Department regulations provide that the withholding tax applies to all dividend equivalents paid or deemed paid on specified equity-linked instruments that have a delta of one ("**Delta-One Securities**") issued after 2016 and to all dividend equivalents paid or deemed paid on all other specified equity-linked instruments issued after 2018.

The Issuer will determine whether dividend equivalents on the Securities are subject to withholding as of the close of the relevant market(s) on the Fixing Date. If withholding is required, the Issuer (or the applicable paying agent) will withhold 30 per cent. in respect of dividend equivalents paid or deemed paid on the Securities and will not pay any additional amounts to the Securityholders with respect to any such taxes withheld. If the Terms and Conditions of the Securities provide that all or a portion of the dividends on U.S. underlying equity securities are reinvested in the underlyings during the term of the Securities, the Terms and Conditions of the Securities may also provide that only 70 per cent. of a deemed dividend equivalent will be reinvested. The remaining 30 per cent. of such deemed dividend equivalent will be treated, solely for U.S. federal income tax purposes, as having been withheld from a gross dividend equivalent payment due to the investor and remitted to the U.S. Internal Revenue Service on behalf of the investor. The Issuer will withhold this amount regardless

of whether an investor is a United States person for U.S. federal income tax purposes or a non-United States person that may otherwise be entitled to an exemption of reduction of tax on U.S. source dividend payments pursuant to an income tax treaty.

Even if the Issuer determines that a Securityholder's Securities are not specified equity-linked instruments that are subject to withholding on dividend equivalents, it is possible that a Securityholder's Securities could be deemed to be reissued for tax purposes upon the occurrence of certain events affecting any relevant Constituent or a Securityholder's Securities, and following such occurrence a Securityholder's Securities could be treated as specified equity-linked instruments that are subject to withholding on dividend equivalent payments. It is also possible that withholding tax or other tax under Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended, ("**Section 871(m)**") could apply to the Securities under these rules if a non-U.S. Securityholder enters, or has entered, into certain other transactions in respect of the relevant Constituent. As described above, if withholding is required, the Issuer will withhold 30 per cent. in respect of dividend equivalents paid or deemed paid on the Securities and will not pay any additional amounts to the Securityholders with respect to any such taxes withheld.

Additionally, in the event that withholding is required, the Issuer hereby notifies each Securityholder that for purposes of Section 871(m), that the Issuer will withhold in respect of dividend equivalents paid or deemed paid on the Securities on the dividend payment date as described in U.S. Treasury Department regulations section 1.1441-2(e)(4) and section 3.03(B) of the form of Qualified Intermediary Agreement contained in Revenue Procedure 2017-15, as applicable, regardless of whether such investor would otherwise be entitled to an exemption from or reduction of withholding on such payments (e.g., a United States person for U.S. federal income tax purposes or a non-United States person eligible for an exemption from or reduction in withholding pursuant to an income tax treaty). **There is the risk that a Securityholder will not be able to successfully claim a refund of the tax withheld in excess of the tax rate that would otherwise apply to such payments.**

In the event that the Securities reference an index as a Reference Portfolio Component, then, regardless of whether the relevant Reference Portfolio Component is a net price return, a price return or a total return index, the payments on the Securities (including any amounts deemed reinvested in the Reference Portfolio Component) will reflect the gross dividend payments paid by the issuers of the securities comprising the index less applicable withholding tax amounts in respect of such gross dividends, which in the case of U.S. source dividends, will be paid by or on behalf of the Issuer to the U.S. Internal Revenue Service in accordance with the U.S. withholding tax rules under Section 871(m).

**Securityholders should consult with their tax advisors regarding the application of Section 871(m) and the regulations thereunder in respect of their acquisition and ownership of the Securities, including a non-U.S. Securityholder that enters, or has entered, into other transactions in respect of the relevant Constituent, as the case may be.**

***Payments under the Securities may be subject to U.S. withholding under FATCA***

The Foreign Account Tax Compliance Act ("**FATCA**") generally imposes a 30% U.S. withholding tax on payments of certain U.S. source interest, dividends and certain other fixed or determinable annual or periodical income, on the gross proceeds from the sale, maturity, or other disposition of certain assets after 31 December 2018 and on certain "foreign passthru payments" made after 31 December 2018 (or, if later, the date that final regulations defining the term "foreign passthru payments" are published) made to certain foreign financial institutions (including most foreign hedge funds, private equity funds and other investment vehicles) unless the payee foreign financial institution agrees to disclose the identity of any U.S. individuals and certain U.S. entities that directly or indirectly maintain an account with, or hold debt or equity interests in, such institution (or the relevant affiliate) and to annually report certain information about such account or interest directly, or indirectly, to the IRS (or to a non-U.S. governmental authority under a relevant Intergovernmental Agreement entered into between such non-U.S. governmental authority and the United States, which would then provide this information to the IRS). FATCA also requires withholding agents making certain payments to certain non-financial foreign entities that fail to disclose the name, address, and taxpayer identification number of any substantial direct or indirect U.S. owners of such entity to withhold a 30% tax on such payments.

Accordingly, the Issuer and other foreign financial institutions may be required under FATCA to report certain account information about holders of the Securities directly to the IRS (or to a non-U.S. governmental authority as described above). Moreover, the Issuer may be required to withhold on a portion of payments made on the Securities to (i) holders who do not provide any information requested to enable the Issuer to comply with FATCA, or (ii) foreign financial institutions who fail to comply with FATCA.

Securityholders holding their Securities through a foreign financial institution or other foreign entity should be aware that any payments under the Securities may be subject to 30% withholding tax under FATCA. If an amount in respect of such withholding tax under FATCA were to be deducted or withheld from payments on the Securities, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax.

Securityholders should, consequently, be aware that payments under the Securities may under certain circumstances be subject to U.S. withholding under FATCA and should consult with their tax advisors regarding the application of withholding tax under FATCA in respect of their acquisition and ownership of the Securities.

## II. MATERIAL RISKS IN CONNECTION WITH THE REFERENCE PORTFOLIO

### 4. Material risks in connection with the Reference Portfolio, as managed by the Reference Portfolio Advisor

#### 4.1 Uncertainty about future performance; limited historic data

Prospective investors should be aware that it is not possible to accurately predict the future performance of the Reference Portfolio. Poor performance of the Reference Portfolio would lead to payment of a lower Redemption Amount, Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount under the Securities. In some cases, investors may even suffer a total loss of the invested capital.

It is not possible to reliably predict the future performance of the Reference Portfolio and the Reference Portfolio Components respectively. Likewise, the historical data of the Reference Portfolio and the Reference Portfolio Components respectively, does also not allow for any conclusions to be drawn about the future performance of the Reference Portfolio and the Securities.

The Reference Portfolio will be initiated on 11 February 2020. Accordingly, as at the date of the Prospectus no historic data is available on the basis of which investors might evaluate the likely performance of the Reference Portfolio. The past performance of the Reference Portfolio Components notionally comprised in the Reference Portfolio (which generally do not reflect the same fee levels as the fees incurred in relation to the Reference Portfolio), is not necessarily indicative of the future performance for the Reference Portfolio. Securityholders should be aware that poor performance of the Reference Portfolio would lead to payment of a lower Redemption Amount, Termination Amount, Automatic Termination Amount or, as the case may be, Extraordinary Termination Amount under the Securities. In some cases, investors may even suffer a total loss of the invested capital.

The performance of the Reference Portfolio is subject to fluctuations. Therefore, Securityholders cannot foresee what consideration they can expect to receive for the Securities they hold on a certain day in the future. When the Securities are redeemed or otherwise disposed of on a certain day, they may be worth a lot less than if they were disposed of at a later or earlier point in time. This could even result in a partial loss of the invested capital.

#### 4.2 Specific risks related to the lack of direct correlation between the performance of underlyings, individual Reference Portfolio Components and the overall performance of the Reference Portfolio

Potential investors bear the risk that the positive performance of individual Reference Portfolio Constituents does not directly correlate to an overall positive performance of the Reference Portfolio. Further, the performance of any Reference Portfolio Components which are Stock Constituents is

linked to, but does not directly correlate to, the performance of the company issuing the relevant shares. Similarly, the performance of any Reference Portfolio Components which are Futures Constituents is linked to, but does not directly correlate to, the performance of the underlying financial instrument, commodity or precious metal. A positive performance of a relevant underlying would not necessarily result in a positive performance of the relevant Reference Portfolio Component and, therefore, of the Securities. Therefore, potential investors are exposed to the risk that even as the value of individual underlyings or Reference Portfolio Components rises, the overall value of the Reference Portfolio decreases. Accordingly, Securityholders could receive lower returns than anticipated and, in extreme circumstances, may lose some or all of the invested capital.

The Reference Portfolio is composed of numerous Constituents. Despite the fact that Constituents' diversification is designed to help to control declines in the value of the Reference Portfolio, it cannot be guaranteed that the use of numerous different Constituents will be successful for these purposes and will not result in a partial loss of the invested capital. In particular, the positive performance of a Reference Portfolio Constituent could be offset by the negative performance of one or more other Reference Portfolio Constituents, such that the overall performance of the Reference Portfolio is negative. Therefore, potential investors should be aware there is no direct correlation between the performance of individual Reference Portfolio Constituents and the overall performance of the Reference Portfolio.

Further, the performance of any Stock used as the Reference Portfolio Component depends on the performance of the company issuing the shares. But even regardless of the financial position, cash flows, liquidity and results of operations of the company issuing the Stock Constituents, the price of a Stock Constituent can be subject to fluctuations or adverse changes in value. In particular, the development of the Stock Constituent price can be influenced by the general economic situation and market sentiment.

The market price of Securities with a Stock Constituent used as the Reference Portfolio Component depends on (even if it does not directly correlate to) the performance of the Stock Constituent. The performance of a Stock Constituent may be subject to factors like the dividend or distribution policy, financial prospects, market position, corporate actions, shareholder structure and risk situation of the issuer of the share, short selling activities and low market liquidity as well as to political influences. Accordingly, an investment in Securities with a Stock Constituent used as the Reference Portfolio Component may bear similar risks to a direct investment in Stock Constituents.

The performance of the Stock Constituent may be subject to factors outside the Issuer's sphere of influence, such as the risk of the relevant company becoming insolvent, insolvency proceedings being opened over the company's assets or similar proceedings under the laws applicable to the company being commenced or similar events taking place with regard to the company, which may result in a total loss for the Securityholder, or the risk that the share price is highly volatile. The issuer's dividend or distribution policy, its financial prospects, market position, any capitalisation measures, shareholder structure and risk situation may also affect the Stock Constituent price.

In addition, the performance of the Stock Constituents depends particularly on the development of the capital markets, which in turn are dependent on the global situation and the specific economic and political environment. Stock Constituents in companies with low or average market capitalisation may be subject to even higher risks (e.g. with regard to volatility or insolvency) than shares in larger companies. Furthermore, shares in companies with a low market capitalisation may be extremely illiquid due to smaller trading volumes. Stock Constituents in companies having their seat or exerting their relevant operations in countries with a high legal uncertainty are subject to additional risks, such as the risk of governmental measures being taken or nationalisation taking place. This may result in the partial or total loss of the share's value.

Further, the Securities aim *inter alia* to replicate, directly and/or indirectly, the performance of long and/or short positions in selected futures. Consequently, an investment in the Securities, to a certain extent, is subject to market risks similar to direct investment in such Futures Constituents. The prices of Futures Constituents can differ substantially from the spot price of the underlying financial instrument (e.g. shares, indices, interest rates, currencies) or underlying commodity and precious metal (e.g. oil, wheat, sugar, gold, silver). Investors must be aware of the fact that the prices of Futures Constituents and, accordingly, the value of the Securities does not always move in the same direction or at the same rate as the spot price of such underlying. Therefore, the value of the



Securities can fall substantially even if the spot price of the relevant underlying of the futures contract remains stable or rises.

The realisation of one or more of these risks could result in Securityholders losing some or all of the invested capital.

**4.3 Specific risks related to the value of any Stock Constituents comprised in the Reference Portfolio not reflecting any dividends, interest or other distributions in respect of such Stock Constituents**

**Potential investors bear the risk that the value of any Reference Portfolio Components which are stocks does not reflect any dividends, interest or other distributions made in respect of such stocks. Accordingly, by investing in the Securities, potential investors could realise lower returns than if they had invested directly in the relevant Reference Portfolio Components.**

The Securities constitute no interest in a Stock Constituent used as the Reference Portfolio Component including any voting rights or rights to receive dividends, interest or other distributions, as applicable, or any other rights with respect to the Stock Constituent. The Issuer and any of its affiliates may choose not to hold the Stock Constituents or any derivatives contracts linked to the Stock Constituents used as the Reference Portfolio Component. Neither the Issuer nor any of its affiliates is restricted from selling, pledging or otherwise conveying all right, title and interest in any Stock Constituents or any derivatives contracts linked to the Stocks by virtue solely of it having issued the Securities.

**4.4 Specific risks related to Securityholders having no recourse to the Reference Portfolio Components**

Potential investors should be aware that the Securities do not create any entitlement, proprietary rights or recourse to any Reference Portfolio Components comprising the Reference Portfolio from time to time. Accordingly, in connection with all payments in respect of the Securities, the Securityholders are exposed solely to the credit risk of the Issuer and have no recourse to any underlying assets.

**4.5 Specific risks related to fees deducted from the Level of the Reference Portfolio**

A Reference Portfolio Advisory Fee, an Adjustment Fee and a UBS Management Fee will be deducted from the Level of the Reference Portfolio. These fees are independent of the performance of individual Reference Portfolio Constituents and may be levied even in cases of negative performance of such Reference Portfolio Constituents. Conversely, in cases of positive performance of individual Reference Portfolio Constituents, the deduction of such fees could still result in an overall decrease in the Level of the Reference Portfolio. This would, in turn, lower the return on the Securities.

**4.6 Specific risks related to contango and backwardation of Futures Constituents**

**Prospective investors bear the risk that, in case of roll-over of any Futures Constituents, because of movements in market prices, the number of new Futures Constituents may be increased or reduced with the roll-over, which, in turn could result in a worse performance of the Reference Portfolio overall and, therefore, in lower returns realised by Securityholders.**

The prices of the longer-term and the shorter-term Futures Constituents can differ even if all other contract specifications are the same. If the prices of longer-term Futures Constituents are higher than the price of the shorter-term Futures Constituents to be exchanged (so-called contango), the number of futures contracts held is reduced with the roll-over. Conversely, if the prices of short-term Futures Constituents are higher (so-called backwardation), the number of Futures Constituents held is increased with the roll-over (without taking into account roll-over expenses). In addition, expenses for the roll-over itself are incurred. This could result in a worse performance of the Reference Portfolio overall and, therefore, in lower returns realised by Securityholders.

**4.7 Specific risks related to the performance of the Reference Portfolio Advisor**

**Potential investors bear the risk that investment decisions made by the Reference Portfolio Advisor could result in a decline in the value of the Reference Portfolio. Further, potential investors bear the risk that the loss of one or more key individuals employed by the Reference Portfolio Advisor could**

**prejudice the Reference Portfolio Advisor's ability to perform its responsibilities in relation to the Reference Portfolio. In either case, potential investors could realise a partial or total loss of the invested capital.**

The positive development of the value of the Reference Portfolio depends upon the Reference Portfolio Advisor selecting appropriate Reference Portfolio Components. There can be no assurance that the Reference Portfolio Advisor will be able to do so. In particular, subjective (as opposed to systematic) decisions made by the Reference Portfolio Advisor may cause the Reference Portfolio to decline (or not to increase) in a manner which less subjective decision making might have avoided. Accordingly, potential investors could realise a partial or total loss of the invested capital.

Potential investors bear the risk that the loss of one or more key individuals employed by the Reference Portfolio Advisor could have a material adverse effect on the Reference Portfolio Advisor's ability to perform its responsibilities in relation to the Reference Portfolio. This could, in turn, result in a decline in the value of the Reference Portfolio. Accordingly, potential investors could realise a partial or total loss of the invested capital.

#### **4.8 Specific risks related to potential conflicts of interest of the Reference Portfolio Advisor**

**Because of conflicts of interest, the Reference Portfolio Advisor may take decisions which are not in the Securityholders' interests. This could lead to a worse performance of the Reference Portfolio overall and, therefore, to lower returns realised by Securityholders.**

The Reference Portfolio Advisor may not only act as Reference Portfolio Advisor with regard to the Reference Portfolio, but may at the same time act as asset manager or financial consultant with regard to Securityholders, which may induce potential conflicts between the Securityholders' interests and the Reference Portfolio Advisor's interests, especially because the Reference Portfolio Advisor receives part of the Reference Portfolio Management Fee. This could lead to a worse performance of the Reference Portfolio overall and, therefore, to lower returns realised by Securityholders.

## **B. GENERAL INFORMATION ON THE PROSPECTUS**

### **1. Important Notice**

This document, comprising the Summary and the Securities Note, has been approved by BaFin as competent authority under the Prospectus Regulation as part of a tri-partite prospectus.

BaFin has only approved the Summary and the Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the Securities that are the subject of the Summary and the Securities Note.

Investors should make their own assessment as to the suitability of investing in the Securities.

The Prospectus, comprising the Summary, the Securities Note and the Registration Document, should be read and construed in conjunction with any supplement thereto and must be interpreted accordingly.

No person has been authorised to give any information or to make any representation not contained in or not consistent with the Prospectus or any other document entered into in relation to the Prospectus or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or UBS Europe SE, Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main, Germany (LEI 5299007QVIQ7IO64NX37) (the "**Manager**").

Neither the delivery of the Prospectus nor the offering, sale or delivery of any Security shall, in any circumstances, create any implication that the information contained in the Prospectus is true subsequent to the date hereof or the date upon which the Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which the Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Prospectus is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of the Prospectus and any offering material relating to the Securities and the offering, sale and delivery of the Securities in certain jurisdictions may be restricted by law. Nobody may use the Prospectus for the purpose of an offer or solicitation if in any jurisdiction such use would be unlawful. Persons into whose possession the Prospectus comes are required by the Issuer and the Manager to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Securities and on the distribution of the Prospectus and other offering material relating to the Securities, see "*Subscription and Sale*". In particular, this document may only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 does not apply. Additionally, Securities issued under the Prospectus will not be registered under the United States Securities Act of 1933, as amended, and are, being issued in bearer form, subject to U.S. tax law requirements. Therefore, subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to U.S. persons.

The Prospectus should not be considered as a recommendation by the Issuer or the Manager to purchase the Securities.

### **2. Responsibility Statement**

UBS AG, having its registered offices at Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, as Issuer is the person responsible for the information given in the Prospectus and declares that such information is, to the best of its knowledge, in accordance with the facts and makes no omission likely to affect its import.

The Issuer is liable for the Summary including any translation thereof, but only where the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or where it

does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Securities.

The Issuer accepts that following the date of the Prospectus, events and changes may occur, which render the information contained in the Prospectus incorrect or incomplete. Supplemental information will only be published as required by and in a manner stipulated in Article 23 of the Prospectus Regulation.

### 3. Consent to use the Prospectus

The Issuer consents to the use of the Prospectus in connection with any offer of Securities that is not made within an exemption from the requirement to publish a prospectus under the Prospectus Regulation (a "Public Offer") of the Securities by the Manager and KSW Vermögensverwaltung AG, Nordostpark 43, 90411 Nürnberg, Federal Republic of Germany, (LEI 5299007QRBQF1SF24853) (each an "Authorised Offeror") on the following basis:

- (a) the relevant Public Offer must occur as long as the Prospectus is valid in accordance with Article 12 of the Prospectus Regulation (the "Offer Period"),
- (b) the relevant Public Offer may only be made in the Federal Republic of Germany and the Grand Duchy of Luxembourg, each a "Public Offer Jurisdiction", and
- (c) any Authorised Offeror which is not the Manager must comply with the restrictions set out in "Subscription and Sale" as if it were the Manager.

The Issuer accepts responsibility in the Public Offer Jurisdictions for which it has given consent referred to herein for the content of the Prospectus in relation to any person (an "Investor") in a Public Offer Jurisdiction to whom an offer of any Securities is made by an Authorised Offeror, where the offer is made during the Offer Period and is in compliance with all other conditions attached to the giving of the consent. However, the Issuer has no responsibility for any of the actions of an Authorised Offeror, including compliance by such Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

The Issuer reserves the right to withdraw its consent to the use of the Prospectus in relation to the Authorised Offerors. The Issuer may give consent to additional authorised offerors after the date of the Prospectus and, if it does so, the Issuer will publish the above information in relation to them on the website <http://keyinvest-de.ubs.com/bekanntmachungen> or any successor address notified by the Issuer to the Securityholders for this purpose by way of publication on <http://keyinvest-de.ubs.com/bekanntmachungen>.

The consent referred to above relates to Public Offers occurring as long as the Prospectus is valid in accordance with Article 12 of the Prospectus Regulation.

**Any Authorised Offeror who wishes to use the Prospectus in connection with a Public Offer as set out above is required, for the duration of the relevant Offer Period, to publish on its website that it is using the Prospectus for such Public Offer in accordance with the consent of the Issuer and the conditions attached thereto.**

The Issuer has not authorised the making of any Public Offer of any Securities by any person in any circumstances and such person is not permitted to use the Prospectus in connection with its offer of any Securities unless (1) the offer is made by an Authorised Offeror as described above or (2) the offer is otherwise made in circumstances falling within an exemption from the requirement to publish a prospectus under the Prospectus Regulation. Any such unauthorised offers are not made by or on behalf of the Issuer, the Authorised Offerors and none of the Issuer or the Authorised Offerors has any responsibility or liability for the actions of any person making such offers.

An Investor intending to acquire or acquiring any Securities from an Authorised Offeror will do so, and offers and sales of the Securities to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the Investor (the "Terms and Conditions of the Public Offer"). The Issuer will not be a party to any such arrangements with Investors (other than the Authorised Offeror) in connection with the offer or sale of the Securities and, accordingly, the Prospectus will not contain such information. The Terms and Conditions of the Public Offer shall be provided

to Investors by an Authorised Offeror at the relevant time. None of the Issuer or an Authorised Offeror has any responsibility or liability for such information.

**Any Authorised Offeror will provide information to investors on the Terms and Conditions of the Public Offer of the Securities at the time such Public Offer is made by such Authorised Offeror to the investor.**

## C. GENERAL INFORMATION ON THE SECURITIES

### 1. Object of the Prospectus / Type of Securities

The object of this Prospectus are the Portfolio Certificates linked to the notional Aktien Faktor-Select Global Portfolio (ISIN CH0473581046; WKN UBS1KW; Valor 47358104), issued by UBS AG in accordance with Swiss law in the size of 500,000 Securities (the "**Issue Size**").

The Securities are not capital protected.

The Securities are each linked to the notional Euro ("**EUR**") denominated Aktien Faktor-Select Global Portfolio (the "**Underlying**" or the notional "**Reference Portfolio**"), created and actively managed by KSW Vermögensverwaltung AG, Nordostpark 43, 90411 Nürnberg, Federal Republic of Germany (the "**Reference Portfolio Advisor**"). The Reference Portfolio aims to replicate the performance of (i) a long only basket of selected stocks (each, a "**Stock Constituent<sub>(i)</sub>**", and together, the "**Stock Constituents**") comprised in the Stock Investment Universe, (ii) long or short positions in equity futures markets (each, a "**Futures Constituent<sub>(i)</sub>**", and together, the "**Futures Constituents**") comprised in the Futures Investment Universe, (iii) long positions in exchange-traded call and put equity vanilla options (each, an "**Equity Option Constituent<sub>(i)</sub>**", and together, the "**Equity Option Constituents**") comprised in the Equity Option Investment Universe, (iv) positions in synthetic currency accounts with positive or negative notional cash balances (each a "**Synthetic Currency Account Constituent<sub>(i)</sub>**", and together, the "**Synthetic Currency Account Constituents**", and together with the Stock Constituents, the Futures Constituents and the Equity Option Constituents, the "**Constituents**") comprised in the Synthetic Currency Account Investment Universe and (v) a EUR denominated cash position (the "**Cash Position**"; which, together with the Constituents, shall be referred to as the "**Reference Portfolio Components**"), net of relevant fees, costs and expenses, all as described in the sections "Key Terms and Definitions of the Securities" and "Information about the Reference Portfolio".

The Reference Portfolio is a synthetic portfolio which has been created and is managed and calculated solely for the purposes of being used as underlying of securities issued by UBS. There is no obligation on the Issuer to purchase or hold any Reference Portfolio Components and Securityholders have no rights in, or to require delivery of, any of such Reference Portfolio Components at any time. References to any balancing, rebalancing, disposal, acquisition or financing of a Reference Portfolio Component have to be understood as reference to a notional transaction and should not be construed as imposing any obligation on the Issuer or any of its affiliates or subsidiaries, the Manager, the Calculation Agent or any person actually directly or indirectly, physically or synthetically to acquire, dispose of or effect or take delivery of, or effect transactions in, any securities, investments or other property, but are references to the change in the value of, or in notional amounts to be determined for the purposes of calculating the value of, and relate solely to the calculation of the value of any amounts payable in respect of the Securities.

### 2. Currency

The currency of the Securities issue (the "**Redemption Currency**") is EUR.

### 3. Law governing the Securities

The Securities issued by the Issuer are governed by Swiss law.

### 4. Status of the Securities

The Securities constitute direct, unsecured and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.

If insolvency proceedings are instituted against the Issuer, Securityholders can only assert their claims in accordance with the legal provisions of the Swiss Banking Act. Such Securityholders will then receive a cash amount that is measured according to the so-called collocation plan (*Kollokationsplan*) established by the Swiss Financial Market Supervisory Authority ("**FINMA**") or a FINMA imposed liquidator and the distribution

list (*Verteilungsliste*) by the amount of the so-called insolvency rate. This amount will usually not be even close to the amount paid by the Securityholders for the purchase of the relevant securities of the Issuer. In case of an insolvency of the Issuer, Securityholders may, consequently, even suffer a total loss of their amounts paid for the purchase of the Securities (total loss).

## 5. Form of the Securities

The Securities are issued as uncertificated securities (*Wertrechte*; "Uncertificated Securities") pursuant to article 973c of the Swiss Code of Obligations ("CO"). Uncertificated Securities are registered in the main register of a Swiss depository (*Verwahrungsstelle*; "FISA Depository") according to the Swiss Federal Act on Intermediated Securities ("FISA"). Upon (a) entering the Uncertificated Securities into the main register of a FISA Depository and (b) booking the Securities into a securities account at a FISA Depository, the Uncertificated Securities will constitute intermediated securities within the meaning of the FISA (*Bucheffekten*; "Intermediated Securities"). The Issuer has instructed SIX SIS AG, Baslerstrasse 100, CH-4600 Olten, Switzerland, ("SIS") to also act as FISA Depository, but reserves the right to choose any other FISA Depository, including UBS AG.

The records of the FISA Depository will determine the number of Uncertificated Securities held through each participant of the FISA Depository. In respect of Uncertificated Securities held in the form of Intermediated Securities, the holders of such Uncertificated Securities will be the persons holding such Uncertificated Securities in a securities account (*Effektenkonto*) that is in their name, or, in the case of intermediaries (*Verwahrungsstellen*), the intermediaries holding such Uncertificated Securities for their own account in a securities account that is in their name (and the terms "Securityholder" and "holder of Securities" and related expressions shall be construed accordingly). Intermediated Securities are transferred and otherwise disposed of in accordance with the provisions of the FISA and the relevant agreements with the respective FISA Depository (in particular, neither the Intermediated Securities nor any rights pertaining to the Intermediated Securities may be transferred by way of assignment pursuant to articles 164 et seq. CO without the prior written consent of the Issuer).

The holders of the Securities shall at no time have the right to demand (a) conversion of Uncertificated Securities into physical securities and/or (b) delivery of physical securities. For the avoidance of doubt and regardless of such conversion, Uncertificated Securities will at any time constitute Intermediated Securities.

## 6. Clearing and Settlement of the Securities

### General

The Securities are cleared through SIX SIS AG ("SIS" or the "Clearing System").

### SIX SIS AG

SIS is a wholly owned subsidiary of SIX Group Ltd. and is a bank supervised by the Swiss Financial Market Supervisory Authority ("FINMA").

SIS acts as the central securities depository and settlement institution for the following Swiss securities: equities, government and private sector bonds, money market instruments, exchange traded funds, conventional investment funds, structured products, warrants and other derivatives. Apart from providing custody and settlement for Swiss securities, SIS acts as global custodian and offers its participants access to custody and settlement in foreign financial markets. SIS offers direct links to other international central securities depositories and central securities depositories including Clearstream, Germany, Euroclear and Clearstream, Luxembourg.

The address of SIS is SIX SIS AG, Baslerstrasse 100, CH-4600 Olten, Switzerland.

## 7. Listing or Trading of the Securities

The Issuer intends to apply for the listing of the Securities at Frankfurt Stock Exchange (*Third Section (Freiverkehr)*) and Stuttgart Stock Exchange (*Third Section (Freiverkehr)*). The Issuer gives no assurance that such application will be successful. First trading day is expected to be the Initial Payment Date (as defined in section "F. Subscription and Sale – 2. Purchase and Delivery of the Securities" on page 72 of this Summary

and Securities Note). Provided that the Securities have not been terminated by the Issuer prior to the Expiration Date, trading of the Securities shall cease two Business Days prior to the Expiration Date.

## 8. Maturity of the Securities; Issuer Extension Option

Subject to the Issuer Extension Option (as defined below), the Securities expire – provided that the Securities are not terminated or expired early in accordance with the Terms and Conditions of the Securities – on 11 February 2027 (the "**Expiration Date**").

The Issuer is in accordance with the Terms and Conditions of the Securities entitled to extend, by giving notice to the Securityholders of not less than one hundred eighty (180) calendar days prior to the then existing Expiration Date the maturity of all then outstanding Securities for one additional period of seven (7) calendar years (the "**Issuer Extension Option**"). In case that the Issuer exercises the Issuer Extension Option and unless a Securityholder reject such Issuer Extension Option in relation to the Securities held by it in accordance with the Terms and Conditions of the Securities, investors in the Securities will receive any final payments under the Securities later than scheduled at the Issue Date of the Securities.

## 9. Issuer Termination Option; Automatic Early Termination

The Issuer is entitled to redeem all outstanding Securities on the last day of each calendar quarter (starting on 31 March 2020) (the date of such redemption, the "**Issuer Termination Date**"), by giving notice the Securityholders of not less than thirty (30) Business Days.

Further, if an Automatic Termination Event or a Stop Loss Event occurs, the Issuer shall notify the Securityholders without delay and shall redeem all outstanding Securities as soon as practicable thereafter, on the date (the "**Automatic Termination Date**") on which a hypothetical investor in a portfolio equivalent to the Reference Portfolio in the legal form of a corporate entity and having its registered place of business in Switzerland would be able to fully unwind its position in all constituents in such portfolio.

An "**Automatic Termination Event**" shall occur if KSW Vermögensverwaltung AG ceases to be or to act as Reference Portfolio Advisor.

A "**Stop Loss Event**" shall occur on any date (other than a Saturday or Sunday) prior to the date on which the Securities are redeemed, subject to Business Day adjustments, (a "**Reference Portfolio Calculation Date**") if the Level of the Reference Portfolio on such date reaches or falls below the Stop Loss Level (being 60% of the Initial Reference Portfolio Level).

## 10. Functioning of the Securities and Dependency on the Underlying

The Securities allow investors to participate, considering the fees on the level of the Reference Portfolio, in the positive development of the Reference Portfolio. Conversely, investors in the Securities also participate in the negative development of the Reference Portfolio.

With the purchase of each Security, the investor acquires the right, under certain conditions and as provided for in the Terms and Conditions of the Securities, to demand from the Issuer the payment of the Settlement Amount in the Redemption Currency, if applicable, commercially rounded to two decimal points (the "**Redemption Amount**") (the "**Security Right**") all as defined in the section "Key Terms and Definitions of the Securities". **For the avoidance of doubt:** Whilst the Redemption Amount may be linked to the market value of the Reference Portfolio Components, the Issuer is not obliged to invest the proceeds of the issuance of the Securities in any Reference Portfolio Components at any time and the Securityholders do not have any interest in any Reference Portfolio Components at any time.

The value of the Securities during their term depends on the performance of the Reference Portfolio used as underlying. On each Reference Portfolio Calculation Date, the Calculation Agent shall determine the "**Level of the Reference Portfolio**", being the sum of (i) the closing price or value of each Constituent on such Reference Portfolio Calculation Date (taking into account the number of units of each Constituent comprised in the Reference Portfolio on such Reference Portfolio Calculation Date) and (ii) the value of the Cash Position on such Reference Portfolio Calculation Date (taking into account the fees calculated on such Reference



Portfolio Calculation Date).

In case the Level of the Reference Portfolio increases, also the value of the Securities (disregarding any special features of the Securities) will increase.

From time to time, the Reference Portfolio Advisor may request that the Issuer make a conditional distribution to the Securityholders in a specified amount in the Redemption Currency. However, such conditional distributions are subject to the Reference Portfolio Advisor's discretion and Securityholders are not entitled to regular distributions during the term of the Securities.

Apart from such conditional distributions, the Securities do not generate any regular income (e.g. dividends or interest) during their term.

## D. TERMS AND CONDITIONS OF THE SECURITIES

### Terms and Conditions of the Securities

*The following terms and conditions of the Securities (the "**Conditions**"), comprising the Special Conditions of the Securities and the General Conditions of the Securities, shall be read in conjunction with, and are subject to, the "Key Terms and Definitions of the Securities" (together, the "**Terms and Conditions**").*

*The Terms and Conditions of the Securities are composed of*

- Part 1: Key Terms and Definitions of the Securities**
- Part 2: Special Conditions of the Securities**
- Part 3: General Conditions of the Securities**

## 1. Terms and Conditions of the Securities Part 1: Key Terms and Definitions of the Securities

*The Securities use the following definitions and have, subject to an adjustment according to the Terms and Conditions of the Securities, the following key terms, both as described below in alphabetical order. The following does not represent a comprehensive description of the Securities, and is subject to and should be read in conjunction with the Conditions of the Securities, the general offering terms of the Securities and all other sections of this Prospectus.*

### B.

**Business Day:** The Business Day means any day on which (i) commercial banks in London are open for business (including dealings in foreign exchange and foreign currency deposits), and (ii) the Trans-European Automated Real-time Gross settlement Express Transfer System ("TARGET2") is open and the Clearing System settles securities dealings.

### C.

**Calculation Agent:** The Calculation Agent means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland, acting through its London Branch, 5 Broadgate, London EC2M 2QS, United Kingdom.

### Clearing System:

Clearing System means SIX SIS AG, Baslerstrasse 100, CH-4600 Olten, Switzerland ("SIS") or any successor in this capacity. The term "Clearing System" shall refer to all Clearing Systems.

### Commissions:

The Issuer may grant turnover-related sales and recurring commissions to distributors as indicated in (i) to (iv). Sales commissions are paid out of the issue proceeds as a one-off payment; alternatively the Issuer may grant an agio on the issue price to the distributor. Recurring commissions are paid regularly depending on the respective securities volume. If UBS acts as Issuer and distributor the relevant commissions are internally booked in favour of the distributing organisational unit.

- (i) Underwriting and/or placing fee: none
- (ii) Selling commission: none
- (iii) Listing Commission: none
- (iv) Other: Reference Portfolio Fee and Adjustment Fee, as further described in the section "Information about the Reference Portfolio", which forms part of the Conditions of the Securities.

### Constituents Business Day:

Constituents Business Day in respect of any Constituent means, any day on which (i) the Relevant Exchange and the Relevant Futures and Options Exchange are scheduled to be open for trading, notwithstanding any day on which they close for business prior to their regular weekday closing time and (ii) the Calculation Agent is open for business.

### D.

**Denomination:** Denomination means EUR 100,00 per Security.

### E.

**Exchange Business Day:** Exchange Business Day means, in respect of a Relevant Exchange or, as the case may be, a Relevant Futures and Options Exchange, each day on which such Relevant Exchange or, as the case may be, such Relevant Futures and Options Exchange is open for trading and the price of the relevant Stock Constituent<sup>(i)</sup>, Futures Constituent<sup>(i)</sup> or, as the case may be, Equity Option Constituent<sup>(i)</sup> or, as the case may be, futures and options contracts on the relevant Stock Constituent<sup>(i)</sup>, Futures Constituent<sup>(i)</sup> or, as the case may be, Equity Option Constituent<sup>(i)</sup> is determined in accordance with the relevant rules.

**Expiration Date:** The Expiration Date means, **subject to an extension of the Term of the Securities in accordance with § 2 (2) of the Conditions of the Securities and to any Market Disruption in accordance with § 9 of the Conditions of the Securities**, 11 February 2027, provided that if such date is not a Constituents Business Day, the immediately succeeding Constituents Business Day shall be Expiration Date.

**F. Fixing Date:** The Fixing Date means 11 February 2020, provided that if such date is not a Constituents Business Day in respect of all Constituents, the Fixing Date shall be the immediately succeeding Constituents Business Day in respect of all Constituents.

**FX Disruption Event:** A FX Disruption Event means (i) an event that generally makes it illegal, impossible, impractical or inadvisable to convert 1 (one) unit of the currency in which any non-EUR denominated Constituent is denominated (the "**Denomination Currency**") into the Redemption Currency, or an event that generally makes it impossible to deliver the Redemption Currency from accounts in which they are held to accounts outside of the jurisdiction of the Denomination Currency; or (ii) the general unavailability to exchange the Redemption Currency at a spot rate (applicable to the purchase of the Redemption Currency for the Denomination Currency) in any legal currency exchange market in the principal financial centre for the Denomination Currency, if, in the determination of the Calculation Agent, the occurrence of any such events is material.

**I. Issue Date:** The Issue Date of the Securities means 17 February 2020, provided that if such date is not a Constituents Business Day, the immediately succeeding Constituents Business Day shall be Issue Date.

**Issue Price:** The Issue Price equals EUR 100.00.

**Issuer:** The Issuer means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland.

**Issue Size:** The Issue Size equals 500,000 Securities.

**L. Level of the Reference Portfolio:** The Calculation Agent, acting in its reasonable discretion, shall determine the Level of the Reference Portfolio on each Reference Portfolio Calculation Date, subject to the occurrence of a Market Disruption in accordance with the Terms and Conditions of the Securities, as the sum of (i) the closing price or value of each Constituent on such Reference Portfolio Calculation Date (taking into account the number of units of each Constituent comprised in the Reference Portfolio on such Reference Portfolio Calculation Date) and (ii) the value of the Cash Position on such Reference Portfolio Calculation Date (taking into account the Reference Portfolio Fee and any Adjustment Fee calculated on such Reference Portfolio Calculation Date). For the purposes of determining the Level of the Reference Portfolio, the Calculation Agent shall ascribe to any Futures Constituents a value of zero (resulting from the mark-to-market performance of Futures Constituents, being reflected in the Cash Position).

The Initial Reference Portfolio Level on the Fixing Date is equal to EUR 100.00.

Information regarding the Level of the Reference Portfolio can be obtained free of charge from the Issuer upon request.

The Calculation Agent, acting in its reasonable discretion, shall determine the Level of the Reference Portfolio on the Valuation Date as the Final Reference Portfolio Level in accordance with § 1 of the Conditions of the Securities.

|  |  |
|--|--|
| <b>Loss of Stock Borrow:</b>                 | Loss of Stock Borrow means that, at any time, the Issuer is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) Stock Constituents <sup>(i)</sup> in a number equal to the stocks comprising the basket of Stock Constituents <sup>(i)</sup> comprising the Reference Portfolio at such time.  |
| <br>   |  |
| <b>M.<br/>Maturity Date:</b>                 | The Maturity Date means the fifth Business Day following the relevant Valuation Date.  |
| <b>Minimum Trading Size:</b>                 | The Minimum Trading Size equals one (1) Security or an integral multiple thereof.  |
| <br>   |  |
| <b>P.<br/>Paying Agent:</b>                  | The Paying Agent means UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland.  |
| <br>   |  |
| <b>R.<br/>Redemption Currency:</b>           | The Redemption Currency means Euro ("EUR").  |
| <b>Reference Portfolio:</b>                  | <p>The Reference Portfolio means the notional Euro ("EUR") denominated Aktien Faktor-Select Global Portfolio (the "<b>Underlying</b>" or the notional "<b>Reference Portfolio</b>"), created and actively managed by KSW Vermögensverwaltung AG, Nordostpark 43, 90411 Nürnberg, Federal Republic of Germany (the "<b>Reference Portfolio Advisor</b>") and subject to adjustments in accordance with § 7 (<i>Adjustments to the Reference Portfolio</i>) of the Terms and Conditions of the Securities and as described in the section "Information about the Reference Portfolio", which forms part of the Conditions of the Securities.</p> <p>The Reference Portfolio is initiated on the Fixing Date by the Reference Portfolio Advisor with an initial level of EUR 100.00 (the "<b>Initial Reference Portfolio Level</b>").</p> <p>The Reference Portfolio aims to replicate the performance of (i) a long only basket of selected stocks (each, a "<b>Stock Constituent<sup>(i)</sup></b>", and together, the "<b>Stock Constituents</b>") comprised in the Stock Investment Universe, (ii) long or short positions in equity futures markets (each, a "<b>Futures Constituent<sup>(i)</sup></b>", and together, the "<b>Futures Constituents</b>") comprised in the Futures Investment Universe, (iii) long positions in exchange-traded call and put equity vanilla options (each, an "<b>Equity Option Constituent<sup>(i)</sup></b>", and together, the "<b>Equity Option Constituents</b>") comprised in the Equity Option Investment Universe, (iv) positions in synthetic currency accounts with positive or negative notional cash balances (each a "<b>Synthetic Currency Account Constituent<sup>(i)</sup></b>", and together, the "<b>Synthetic Currency Account Constituents</b>", and together with the Stock Constituents, the Futures Constituents and the Equity Option Constituents, the "<b>Constituents</b>") comprised in the Synthetic Currency Account Investment Universe and (v) a EUR denominated cash position (the "<b>Cash Position</b>"; which, together with the Constituents, shall be referred to as the "<b>Reference Portfolio Components</b>"), net of relevant fees, costs and expenses.</p> <p>The Reference Portfolio, the Reference Portfolio Components and the rules in accordance with which the Reference Portfolio is managed by the Reference Portfolio Advisor are further described in the section "Information about the Reference Portfolio", which forms part of the Conditions of the Securities.</p> |
| <b>Reference Portfolio Calculation Date:</b> | Each day (other than a Saturday or a Sunday) prior to the Valuation Date which is not a Disrupted Day with respect to any Constituent <sup>(i)</sup> .   |
| <b>Relevant Exchange:</b>                    | The Relevant Exchange <sup>(i)</sup> means, in relation to any Stock Constituent <sup>(i)</sup> , Futures Constituent <sup>(i)</sup> or, as the case may be, Equity Option Constituent <sup>(i)</sup> , the primary stock exchange on which  |

such Stock Constituent<sup>(i)</sup>, Futures Constituent<sup>(i)</sup> or, as the case may be, Equity Option Constituent<sup>(i)</sup> is primarily listed and publicly quoted and traded, as determined by the Calculation Agent in its reasonable discretion from time to time.

The term "Relevant Exchange" shall also refer to all Relevant Exchanges<sup>(i)</sup>.

**Relevant Futures and Options Exchange:** The Relevant Futures and Options Exchange<sup>(i)</sup> means, in relation to any Stock Constituent<sup>(i)</sup>, Futures Constituent<sup>(i)</sup> or, as the case may be, Equity Option Constituent<sup>(i)</sup>, the principal futures and options exchange(s), on which futures and options contracts on such Stock Constituent<sup>(i)</sup>, Futures Constituent<sup>(i)</sup> or, as the case may be, Equity Option Constituent<sup>(i)</sup> are quoted or traded, as determined by the Calculation Agent in its reasonable discretion from time to time.

The term "Relevant Futures and Options Exchange" shall also refer to all Relevant Futures and Options Exchanges<sup>(i)</sup>.

**S. Securities:** Securities means the Portfolio Certificates linked to the notional Aktien Faktor-Select Global Portfolio denominated in EUR and issued by the Issuer in the Issue Size with the security identification codes: ISIN CH0473581046; WKN UBS1KW; Valor 47358104.

The Securities are being issued in bearer form and will not be represented by definitive securities.

**Stop Loss Level:** Stop Loss Level means EUR 60.00 (being 60.00% of the Initial Reference Portfolio Level on the Fixing Date).

**U. Underwriting and/or placing fee:** See "Commissions".

**Unwind Disruption:** Unwind Disruption means, with respect to a Reference Portfolio Component and a Valuation Date, any event or circumstance whereby a notional investor (in the same position as the Issuer) would be unable to unwind its investments in such Reference Portfolio Component by such Valuation Date.

**V. Valuation Date:** The Valuation Date means, subject to any Market Disruption in accordance with § 9 of the Conditions of the Securities,

- (i) in case of a redemption of the Securities in accordance with § 1 of the Conditions of the Securities, the Expiration Date,
- (ii) in case of a termination of the term of the Securities by the Issuer in accordance with § 2 (4) of the Conditions of the Securities, the relevant Issuer Termination Date,
- (iii) in case of an automatic termination of the term of the Securities in accordance with § 2 (5) of the Conditions of the Securities, the relevant Automatic Termination Date, and
- (iv) in case of an extraordinary termination by the Issuer in accordance with § 8 of the Conditions of the Securities, the relevant Extraordinary Termination Date;

or if one of these days is not a Constituents Business Day, the immediately succeeding Constituents Business Day.

## 2. Terms and Conditions of the Securities Part 2: Special Conditions of the Securities

### § 1 Security Right

#### (1) Security Right of the Securityholders

The Issuer hereby warrants the Securityholder (§ 4 (2)) of each (1) Security relating to the Level of the Reference Portfolio in accordance with these Conditions that such Securityholder shall have the right (the "**Security Right**") to receive the Settlement Amount (§ 1 (2)) in the Redemption Currency, if applicable, commercially rounded to two decimal points (the "**Redemption Amount**").

#### (2) Settlement Amount

The "**Settlement Amount**" per Security is calculated in accordance with the following formula:

$$\text{EUR } 100,00 \times \text{MAX} \left( 0, \frac{\text{Final Reference Portfolio Level}}{\text{Initial Reference Portfolio Level}} \right)$$

Where

The "**Final Reference Portfolio Level**" means, subject to a Market Disruption, the value of the Reference Portfolio as determined by the Calculation Agent in relation to a Valuation Date, whereby the relevant value of the Reference Portfolio shall be

- (i) the sum of the realisation proceeds as converted into the Redemption Currency where applicable, using the then prevailing exchange rate, as determined by the Calculation Agent in its reasonable discretion, that would be realized by a notional investor (in the same position as the Issuer) when selling and/or, as the case may be, unwinding the Constituents, then comprised in the Reference Portfolio **plus**
- (ii) the value of the Cash Position **minus**
- (iii) any accrued but not yet deducted Reference Portfolio Fees and Adjustment Fees.

**For the avoidance of doubt:** Whilst the Redemption Amount may be linked to the market value of the Reference Portfolio Components, the Issuer is not obliged to invest the proceeds of the issuance of the Securities in any Reference Portfolio Components at any time and the Securityholders do not have any interest in any Reference Portfolio Components at any time.

The "**Initial Reference Portfolio Level**" of the Reference Portfolio is equal to EUR 100.00.

#### (3) Determinations and Calculations in connection with the Security Right

Any determination and calculation in connection with the Security Right, in particular the calculation of the Redemption Amount, will be made by the Calculation Agent (§ 10). Determinations and calculations made in this respect by the Calculation Agent are final and binding for all participants except in the event of manifest error.

### § 2 Term of the Securities; Extension of the Term of the Securities; Termination by the Securityholders or the Issuer; Automatic Termination of the Securities

#### (1) Term of the Securities

Subject to a termination of the Securities in accordance with these Conditions, the term of the Securities ends on the Expiration Date, unless the Issuer has exercised its right for extension of the term of the Securities in accordance with § 2 (2) of these Conditions.

## (2) Extension of the Term of the Securities

The Issuer is entitled to extend, by giving notice to the Securityholder in accordance with § 12 of these Conditions (the "**Issuer Extension Option Exercise Notice**") not less than one hundred eighty (180) calendar days prior to the scheduled Expiration the maturity of all outstanding Securities for one additional period of seven (7) calendar years each (the "**Issuer Extension Option**"), in which case the "Expiration Date" shall be deemed to be the date falling seven (7) calendar years after the scheduled Expiration Date.

## (3) Securityholder's Termination Right

Upon exercise of the Issuer Extension Option, each Securityholder is entitled to terminate the Securities outstanding and held by it in whole or in part by exercising its Securityholder Non-Extension Option not less than ninety (90) calendar days prior to the scheduled Expiration Date.

For the exercise of the "**Securityholder Non-Extension Option**", the Issuer must have received written and legally signed notice by the Securityholder stating his intention to exercise the Securityholder Non-Extension Option (the "**Exercise Notice**"). The Exercise Notice is irrevocable and binding and shall contain among other things (a) the name of the Securityholder, (b) the number of Securities to be terminated by such Securityholder and (c) the account of the Securityholder with a credit institution, to which the transfer of the Redemption Amount, if any, shall be effected.

Following the valid exercise of the Securityholder Non-Extension Option by the Securityholder, the relevant Securities of such Securityholder will be redeemed by the Issuer and the Securityholder is entitled to receive the relevant Redemption Amount (as defined in § 1(1) of these Conditions) per Security (so terminated), if any, payable on the Maturity Date in relation to the scheduled Expiration Date.

## (4) Ordinary Termination by the Issuer

The Issuer shall be entitled on each of 31 December, 31 March, 30 June and 30 September, (each an "**Issuer Termination Date**") for the first time on 31 March 2020 (including) to terminate and redeem, subject to a period of notice of thirty (30) Business Days, all but not some of the Securities by giving notice pursuant to § 12 of these Conditions with effect as of the relevant Issuer Termination Date.

In the case of termination and redemption by the Issuer, the Issuer shall pay to each Securityholder with respect to each Security it holds, an amount equal to the Redemption Amount (as defined in § 1(1) of these Conditions) (the "**Termination Amount**").

## (5) Automatic Termination of the Securities; Stop Loss

If an Automatic Termination Event or a Stop Loss Event (each, as defined below) occurs, the Issuer shall notify the Securityholders pursuant to § 12 of these Conditions without delay (i) that an Automatic Termination Event or, as the case may be, a Stop Loss Event has occurred and (ii) of the related Automatic Termination Date. After an Automatic Termination Event or, as the case may be, a Stop Loss Event has occurred, all outstanding Securities shall be automatically terminated on the related Automatic Termination Date and each Securityholder shall have in accordance with these Conditions the Security Right to receive an amount equal to the Redemption Amount (as defined in § 1 (1) of these Conditions) (the "**Automatic Termination Amount**"). A failure by the Issuer to give notice to the Securityholders in accordance with the first sentence of this § 2 (5), or non-receipt thereof by the Securityholders, shall not affect the validity of the automatic termination of the term of the Securities.

In this context:

The "**Automatic Termination Date**" in connection with an Automatic Termination Event or, as the case may be, a Stop Loss Event shall be a date on or as soon as reasonably practicable following the date on which such Automatic Termination Event or, as the case may be, Stop Loss Event occurs on which a hypothetical investor in a portfolio equivalent to the Reference Portfolio in the legal form of a corporate entity and having its registered place of business in Switzerland would be able to fully unwind its position in all constituents in such portfolio equivalent to the Constituents in the Reference Portfolio, in each case, as determined by the Calculation Agent in its sole and reasonable discretion.



An "**Automatic Termination Event**" shall occur if KSW Vermögensverwaltung AG ceases to be or to act as Reference Portfolio Advisor.

A "**Stop Loss Event**" shall occur on any Reference Portfolio Calculation Date if, subject to the occurrence of a Disrupted Day with respect to any Constituent<sup>(i)</sup>, the Level of the Reference Portfolio on such date reaches or falls below the Stop Loss Level.

### § 3

#### Conditional Distributions

##### (1) Declaration of Conditional Distributions

The Reference Portfolio Advisor is entitled to, from time to time, request that the Issuer make a conditional distribution to the Securityholders in a specified amount in the Redemption Currency, as determined by the Reference Portfolio Advisor in its reasonable discretion (a "**Conditional Distribution**"). In connection with each Conditional Distribution so requested by the Reference Portfolio Advisor, the Issuer shall give notice to the Securityholders pursuant to § 12 of these Conditions of the amount of such Conditional Distribution and the date on which the Reference Portfolio Advisor shall notionally reduce the value of the Cash Position by an amount equal to such Conditional Distribution and the Calculation Agent, acting reasonably, shall adjust the Level of the Reference Portfolio accordingly (the "**Conditional Distribution Determination Date**") no later than the relevant Conditional Distribution Determination Date.

##### (2) Payment of Conditional Distributions

In respect of each Conditional Distribution, each Securityholder is entitled to receive an amount equal to the product of the number of Securities held by such Securityholder multiplied by the amount of such Conditional Distribution and divided by the aggregate number of Securities outstanding on the date falling 5 (five) Business Days following the corresponding Conditional Distribution Determination Date notified by the Issuer to the Securityholders pursuant to § 12 of these Conditions in accordance with § 3 (1) of these Conditions.

### 3. Terms and Conditions of the Securities Part 3: General Conditions of the Securities

#### § 4

#### Form of Securities; Title and Transfer; Status

##### (1) Form of Securities

The Securities constitute Intermediated Securities. Intermediated Securities are fungible monetary or membership rights of an investor against an issuer which are credited to an investor's securities account with an intermediary pursuant to article 4 FISA (such as banks and securities dealers; *Verwahrungsstelle*; "FISA Depository") and which are at the investor's disposal pursuant to the FISA (article 3 paragraph 1 FISA).

Intermediated Securities are created upon immobilization of actual securities or Uncertificated Securities (i.e. deposit of actual securities with a FISA Depository, or entry of Uncertificated Securities in the main register of FISA Depository) and a respective credit to a Securityholder's securities account with a FISA Depository (article 4 and 6 FISA). For each series of Securities one single FISA Depository keeps the main register which is available to the public. Securityholders are entitled to obtain information about their entitlement to Intermediated Securities of a certain series of Securities from their FISA Depository.

##### (2) Securityholder; Title and Transfer

"Securityholder" means any person acknowledged by Swiss law as legal owner of the Securities. The Securityholder shall, for all purposes, be treated by the Issuer and the Security Agents (§ 10 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

Intermediated Securities are transferred upon a Securityholder's instruction of his/her FISA Depository and are then credited to the purchaser's securities account in accordance with articles 24 et seq. FISA and the terms and conditions of the agreements between a Securityholder and his/her FISA Depository. Securityholders are entitled to assert their rights linked to Intermediated Securities (*Rechte an Bucheffekten*) only through their FISA Depository. Neither the Intermediated Securities nor any rights pertaining to the Intermediated Securities may be transferred by way of assignment pursuant to articles 164 et seq. CO without the prior written consent of the Issuer.

Securityholders will not be entitled to demand delivery of Uncertificated Securities or actual securities (including Swiss Global Notes). Definitive Securities will not be printed.

##### (3) Status of the Securities

The Securities constitute direct, unsecured and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.

#### § 5

#### Settlement; Period of Presentation

##### (1) Settlement of the Securities

The Issuer will, subject to a Market Disruption and in all cases subject to any applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer agrees to be subject, procure on the relevant Maturity Date the payment of the Redemption Amount, of the Termination Amount, the Automatic Termination Amount, or of any other amount payable under the Conditions in relation to the relevant Maturity Date in the Redemption Currency to be credited via the Paying Agent to the account of the relevant Securityholder via the relevant FISA Depository pursuant to its applicable rules and regulations.

In accordance with Swiss law, claims of any kind against the Issuer arising under the Securities will be prescribed 10 years after the earlier of the date on which the early redemption or the date on which the ordinary redemption of the Securities has become due, except for claims for interests which will be prescribed seven (7) years after maturity of such interest claims.

**(2) Discharging effect**

The Issuer shall be discharged from its redemption obligations or any other payment obligations under these Conditions of the Securities by delivery to the Clearing System in the manner described above.

**(3) Taxes, charges and/or expenses**

All taxes, charges and/or expenses, if any, incurred in connection with the redemption of the Securities or any other payment or delivery obligations under these Conditions of the Securities shall be borne and paid by the relevant Securityholder. The Issuer and the Paying Agent, as the case may be, are entitled, but not obliged, to withhold from any required performance under these Conditions such taxes, charges and/or expenses as be paid by the Securityholder in accordance with the preceding sentence.

**§ 6  
Taxes**

Payments in respect of the Securities shall in all cases only be made after deduction and withholding of current or future taxes, levies or governmental charges, regardless of their nature, which are imposed, levied or collected (the "Taxes") under any applicable system of law or in any country which claims fiscal jurisdiction by or for the account of any political subdivision thereof or government agency therein authorised to levy Taxes, to the extent that such deduction or withholding is required by law or administrative practice. The Issuer shall account for the deducted or withheld Taxes with the competent government agencies.

**§ 7  
Adjustments to the Reference Portfolio****(1) Adjustments by the Issuer and the Calculation Agent**

Any changes in the calculation (including corrections) of the Reference Portfolio or of the composition of the Reference Portfolio or of the Exposure or Weight of any Reference Portfolio Component, on which the calculation of the Reference Portfolio is based (including, without limitation, any Successor Underlying, any Substitute Exchange or any Corrected Price), shall not lead to an adjustment of the Level of the Reference Portfolio or these Conditions, **provided that** if the Issuer and the Calculation Agent, upon exercise of their reasonable discretion, determine that, following such changes, the underlying concept and the calculation (including corrections) of the Reference Portfolio are no longer comparable to the underlying concept or calculation of the Reference Portfolio applicable prior to such changes, the Issuer and the Calculation Agent shall be entitled to make adjustments to the Level of the Reference Portfolio or these Conditions. This applies especially, if, due to any such changes, the Level of the Reference Portfolio changes considerably, although the prices and weightings of the Constituents included in the Reference Portfolio remain unchanged.

For the purpose of making any adjustments to the Level of the Reference Portfolio or these Conditions, the Issuer and the Calculation Agent shall in their reasonable discretion determine an adjusted Level of the Reference Portfolio as the basis of the determination of the Level of the Reference Portfolio or, as the case may be, the adjustments to these Conditions, which would preserve, to the greatest extent possible, the economic balance of the Securities between the Issuer and the Securityholders which existed immediately prior to such changes and shall, taking into account the Adjustment Effective Date, determine the day on which the adjusted Level of the Reference Portfolio used shall apply for the first time or, as the case may be, the adjustments to these Conditions shall become effective.

**(2) Publication**

In connection with any adjustments to the Level of the Reference Portfolio or these Conditions effected in accordance with § 7 (1) above, the Issuer shall publish the adjusted Level of the Reference Portfolio or, as the case may be, the adjustments to these Conditions and, in each case, the day on which the adjusted Level of the Reference Portfolio used shall apply for the first time or, as the case may be, the adjustments to these Conditions shall become effective without undue delay pursuant to § 12 of these Conditions. Any adjustments effected in accordance with § 7 (1) above shall be final, conclusive and binding on all parties, except where there is a manifest error.

## § 8

## Extraordinary Termination Right of the Issuer

## (1) Extraordinary Termination by the Issuer

The Issuer shall in the case of the occurrence of one of the following Termination Events be entitled to extraordinary terminate and redeem all but not some of the Securities by giving notice to the Securityholders in accordance with § 12 of these Conditions. Such termination shall become effective at the time of the notice in accordance with § 12 or at the time indicated in the notice (the "**Extraordinary Termination Date**").

## (2) Occurrence of a Termination Event

A "**Termination Event**" means any of the following events:

- (a) The determination and/or publication of the Level of the Reference Portfolio is discontinued permanently, or the Issuer or the Calculation Agent obtains knowledge about the intention to do so.
- (b) Adjustments pursuant to § 7 (2) of these Conditions are not possible or not justifiable with regard to the Issuer and/or the Securityholders.
- (c) In the Calculation Agent determines, in its reasonable discretion, that a material change in the market conditions occurred in relation to the Relevant Exchange or the Relevant Futures and Options Exchange, as the case may be.
- (d) The Issuer or the Calculation Agent, as the case may be, determines that both

(A) the Reference Portfolio by reference to which either

- (i) any amount payable under these Conditions, or
- (ii) the value of the Securities is determined,

qualifies as a "benchmark" within the meaning of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in certain financial instruments and financial contracts or to measure the performance of investment funds (the "**EU Benchmarks Regulation**", where the Reference Portfolio is then also referred to as "**Benchmark**"); and

(B) the Issuer or the Calculation Agent, as the case may be, is, due to the EU Benchmarks Regulation either:

- (i) no longer able to use the Reference Portfolio as Benchmark for the purposes of the Securities or
- (ii) has control over the provision of the Benchmark (*administrator*) within the meaning of the EU Benchmarks Regulation without having the appropriate authorisation, registration, recognition, endorsement, equivalence, approval or inclusion in any official register which, in each case, is required under any applicable law or regulation for the Issuer or the Calculation Agent, as the case may be, to perform its or their respective obligations under these Conditions.

- (e) The occurrence of a Change in Law and/or a Hedging Disruption and/or an Increased Cost of Hedging.

In this context:

"**Change in Law**" means that, on or after the Issue Date of the Securities (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer

determines in good faith that (X) it has become illegal to hold, acquire or dispose of any transaction(s) or asset(s) in relation to the Reference Portfolio, or (Y) it will incur a materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

"**Hedging Disruption**" means that the Issuer is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge price risks of issuing and performing its obligations with respect to the Securities, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s); and

"**Increased Cost of Hedging**" means that the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date) amounts of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of issuing and performing its obligations with respect to the Securities, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

### (3) Payment of the Extraordinary Termination Amount

In the case of an extraordinary termination by the Issuer the Issuer shall pay to each Securityholder with respect to each Security it holds, an amount in the Redemption Currency with respect to each Security, which is determined by the Calculation Agent in its reasonable discretion and, considering the then prevailing Level of the Reference Portfolio and the expenses of the Issuer caused by the termination, as the fair market price of a Security at the occurrence of such termination (the "**Extraordinary Termination Amount**").

## § 9

### Market Disruption; FX Disruption Event; Unwind Disruption

#### (1) Occurrence of Disrupted Day

In the event that the Calculation Agent determines that any Constituents Business Day is a Disrupted Day with respect to any Constituent<sub>(i)</sub> (or, in respect of a Rebalancing only, any Eligible Constituent<sub>(i)</sub>) (the "**Affected Rebalancing Constituent**") selected by the Reference Portfolio Advisor for the purposes of a Rebalancing, then such Affected Rebalancing Constituent shall not be notionally sold or purchased on the intended effective date of the relevant Rebalancing.

#### (2) Determination of Level of the Reference Portfolio following Occurrence of Disrupted Day

In the event that the Calculation Agent determines that any Reference Portfolio Calculation Date is a Disrupted Day with respect to any Constituent<sub>(i)</sub> or Eligible Constituent<sub>(i)</sub> (the "**Affected Calculation Constituent**"), then for the purposes of determining the Level of the Reference Portfolio as at such Reference Portfolio Calculation Date, (a) the price of each Constituent<sub>(i)</sub> which is not an Affected Calculation Constituent shall be the closing price of such Constituent<sub>(i)</sub> on the Relevant Exchange or, as the case may be, the Relevant Futures and Options Exchange and (b) the price of each Affected Calculation Constituent shall be determined by the Calculation Agent in its good faith estimate of the fair market value (which may be zero) of such Affected Calculation Constituent as of such Reference Portfolio Calculation Date.

#### (3) Postponement of Valuation Date

If the Calculation Agent determines that the date scheduled to be the relevant Valuation Date is a Disrupted Day in respect of a Constituent<sub>(i)</sub> (the "**Affected Constituent**"), the Valuation Date shall be postponed to the following Constituents Business Day which is not a Disrupted Day with respect to the Affected Constituent or any other Constituent<sub>(i)</sub>, *provided that* if such day does not occur within 8 (eight) Constituents Business Days immediately following the date scheduled to be the relevant Valuation Date, the Calculation Agent shall determine the price of all Constituents on that 8<sup>th</sup> (eighth) Constituents Business Day and, where such Constituents Business Day is a Disrupted Day in respect of one or more Constituents<sub>(i)</sub>, the Calculation Agent shall determine the price of such Constituents<sub>(i)</sub> by reference to its good faith estimate of the value of such Constituents<sub>(i)</sub> on such Constituents Business Day.

#### (4) FX Disruption Event

On the occurrence of an FX Disruption Event, the value of any non-EUR denominated Constituent shall be determined by the Calculation Agent in its reasonable discretion and the Calculation Agent shall have the right to adjust the Level of the Reference Portfolio to account for such FX Disruption Event.

#### (5) Unwind Disruption

If the Calculation Agent determines that on any Valuation Date an Unwind Disruption occurs or is likely to occur with respect to a Reference Portfolio Component:

- (a) the Issuer shall be entitled to postpone the relevant Valuation Date to such date where a notional investor in the Reference Portfolio would be able to fully unwind all Reference Portfolio Components in cash, but
- (b) for the purposes of determining the Redemption Amount payable by the Issuer (including, without limitation, the Final Level of the Reference Portfolio) in respect of the postponed Valuation Date, the Calculation Agent shall nonetheless take into account the realisation proceeds or, as the case may be, value in respect of all Reference Portfolio Components in respect of which an Unwind Disruption has not occurred or is not reasonably likely to occur on the original Valuation Date as of the date which would have been the original Valuation Date but for the postponement of the Valuation Date in accordance with § 9 (5) (a) of these Conditions.

#### (6) Notification of Disrupted Day or Unwind Disruption

The Issuer shall endeavour to notify the Securityholders pursuant to § 12 of these Conditions without delay of the occurrence of a Disrupted Day or, as the case may be, of an Unwind Disruption. However, there is no notification obligation.

#### (7) Additional Definitions

For these purposes:

**"Disrupted Day"** means any day on which the Calculation Agent determines that, in relation to a Constituent or Eligible Constituent, a Market Disruption Event has occurred.

**"Market Disruption Event"** means, in relation to a Constituent (or an Eligible Constituent in respect of a Rebalancing only), the occurrence or existence on any calendar day (other than a Saturday or a Sunday) or on any number of consecutive calendar days (other than a Saturday or a Sunday) of any one or more of the following events:

- (a) a limitation, suspension, or disruption of trading in one or more of the Constituents (or component of any Constituent) imposed by the Relevant Exchange or the Relevant Futures and Options Exchange;
- (b) the closing or settlement price for any Constituent (of component of any Constituent) is a "limit price", which means that the closing or settlement price for such Constituent for a day has increased or decreased from the previous day's closing price by the maximum amount permitted under applicable rules of the Relevant Exchange or the Relevant Futures and Options Exchange;
- (c) failure by the Relevant Exchange, the Relevant Futures and Options Exchange or other price source as applicable to announce or publish the closing or settlement price in respect of any Constituent (or component of any Constituent);
- (d) the Relevant Exchange or the Relevant Futures and Options Exchange fails to open for trading during its regular trading session;
- (e) the closure on any Exchange Business Day of any Relevant Exchange or Relevant Futures and Options Exchange in respect of a Constituent (or component of any Constituent), prior to its scheduled closing time;
- (f) any event (other than an early closure as described above) that disrupts or impairs (as determined by

the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for any Constituent (or any Eligible Constituent in respect of a Rebalancing only or component thereof);

- (g) a Loss of Stock Borrow has occurred; or
- (h) an FX Disruption Event has occurred,

in each case if, in the determination of the Issuer or the Calculation Agent, such event is material.

## § 10 Calculation Agent; Paying Agent

### (1) General

The Calculation Agent and the Paying Agent (the "**Security Agents**") shall assume the role as Security Agent in accordance with these Conditions.

### (2) Vicarious Agent

Each of the Security Agents acts exclusively as vicarious agent of the Issuer and has no obligations to the Securityholder.

### (3) Replacement, Appointment and Revocation

The Issuer is entitled at any time to replace any or all of the Security Agents by another company, to appoint one or several additional Security Agents, and to revoke their appointments. Such replacement, appointment and revocation shall be notified in accordance with § 12 of these Conditions.

### (4) Resignation of Security Agents

Each of the Security Agents is entitled to resign at any time from its function upon prior written notice to the Issuer. Such resignation shall only become effective if another company is appointed by the Issuer as Calculation Agent, the Security Agent or as Paying Agent, as the case may be. Resignation and appointment are notified in accordance with § 12 of these Conditions.

## § 11 Substitution of the Issuer

### (1) Substitution of the Issuer

Provided that the Issuer is not in default with its obligations under the Securities, the Issuer is at any time entitled, without the consent of the Securityholders, to substitute another company within the UBS Group as issuer (the "**Substitute Issuer**") with respect to all obligations under or in connection with the Securities, if

- (a) the Substitute Issuer assumes all obligations of the Issuer under or in connection with the Securities,
- (b) (A) the Issuer and the Substitute Issuer have obtained all necessary authorisations as well as consents and (B) the Substitute Issuer may transfer to the Principal Paying Agent in the Redemption Currency and without being obligated to deduct or withhold taxes or other duties of whatever nature levied by the country, in which the Substitute Issuer or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Securities;
- (c) the Substitute Issuer has agreed to indemnify and hold harmless each Securityholder against any tax, duty or other governmental charge imposed on such Securityholder in respect of such substitution;
- (d) the Issuer unconditionally and irrevocably guarantees the obligations of the Substitute Issuer.

### (2) References

In the event of any such substitution, any reference in these Conditions to the Issuer shall from then on be deemed to refer to the Substitute Issuer. Furthermore, any reference to the country, in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Issuer.

### **(3) Publication**

The substitution of the Issuer shall be final, binding and conclusive on the Securityholders and will be published to the Securityholders without undue delay in accordance with § 12 of these Conditions.

## **§ 12 Publications**

### **(1) General**

To the extent these Conditions provide for a notice pursuant to this § 12 of these Conditions, these will be published on the website of the Issuer at <http://keyinvest-de.ubs.com/> (or a successor address thereto) and become effective vis-à-vis the Securityholders through such publication unless the notice provides for a later effective date.

If and to the extent that binding provisions of effective law or stock exchange provisions provide for other forms of publication, such publications must be made in addition and as provided for.

Any such notice shall be effective as of the publishing date (or, in the case of several publications as of the date of the first such publication).

### **(2) Notification to the Clearing System**

The Issuer shall, to the extent legally possible, be entitled to effect publications by way of notification to the Clearing System for the purpose of notifying the Securityholders (as set forth in the applicable rules and regulations of the Clearing System), provided that in cases, in which the Securities are listed on a Security Exchange, the regulations of such Security Exchange permit this type of notice. Any such notice shall be deemed as having been effect as of the seventh day after the date of the notification to the Clearing System.

## **§ 13 Issue of further Securities; Purchase; Cancellation**

### **(1) Issue of further Securities**

The Issuer is entitled at any time to issue, without the consent of the Securityholders, further securities having the same terms and conditions as the Securities so that the same shall be consolidated and form a single series with such Securities, and references to "Security" shall be construed accordingly.

### **(2) Purchase of Securities**

The Issuer and any of its subsidiaries is entitled at any time to purchase, without the consent of the Securityholders, Securities at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Securityholders alike.

Such Securities may be held, reissued, resold or cancelled, all at the option of the Issuer.

### **(3) Cancellation of Securities**

All Securities redeemed in full shall be cancelled forthwith and may not be reissued or resold.

## **§ 14 Language**



These Conditions are written in the English language.

## **§ 15 Governing Law; Jurisdiction**

### **(1) Governing Law**

The form and content of the Securities as well as all rights and duties arising from the matters provided for in these Conditions shall in every respect be governed by, and shall be construed in accordance with, the laws of the Swiss Confederation.

### **(2) Jurisdiction**

The place of jurisdiction for all actions or other procedures under or in connection with the Securities shall, to the extent legally possible, be Zurich (1), Switzerland.

## **§ 16 Corrections; Severability**

### **(1) Modifications and Amendments**

The Issuer shall be entitled to modify or amend, as the case may be, these Conditions in each case without the consent of the Securityholders in such manner as the Issuer deems necessary, if the modification or amendment

- (i) is of a formal, minor or technical nature; or
- (ii) is made to cure a manifest or proven error; or
- (iii) is made to cure any ambiguity; or is made to correct or supplement any defective provisions of these Conditions; or
- (iv) is made to correct an error or omission such that, in the absence of such correction, the Conditions would not otherwise represent the intended terms of the Securities on which the Securities were sold and have since traded; or
- (v) will not materially and adversely affect the interests of the Securityholders.

### **(2) Publication**

Any modification or amendment of these Terms and Conditions shall take effect in accordance with its terms and be binding on the Securityholders, and shall be notified to the Securityholders in accordance with § 12 of these Conditions (but failure to give such notice, or non-receipt thereof, shall not affect the validity of such modification or amendment).

### **(3) Invalidity in whole or in part**

If any of the provisions of these Conditions is or becomes invalid in whole or in part, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision, which, to the extent legally possible, serves the economic purposes of the invalid provision. The same applies to gaps, if any, in these Conditions.

## **§ 17 No collective investment schemes**

This product does not represent a participation in any of the collective investment schemes pursuant to Art. 7 et seq. of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus is not subject to the

supervision of the Swiss Financial Market Supervisory Authority (*Eidgenössische Finanzmarktaufsicht*). Therefore, investors in this product are not eligible for the specific investor protection under the CISA.

## E. INFORMATION ABOUT THE REFERENCE PORTFOLIO

*The following description forms an integral part of the Conditions of the Securities and shall be construed in accordance with these Terms and Conditions of the Securities. Capitalised terms not otherwise defined in the following description shall have the meanings given to them in the Terms and Conditions of the Securities.*

*The Reference Portfolio Advisor creates and maintains the Reference Portfolio as a theoretical portfolio by selecting the initial Reference Portfolio Components and their weightings and thereafter actively managing and maintaining the Reference Portfolio by rebalancing the Reference Portfolio, i.e. changing the weightings of the Reference Portfolio Components, in its reasonable discretion.*

*The Reference Portfolio is a synthetic portfolio which has been created and is managed and calculated solely for the purposes of being used as underlying of the Securities. There is no obligation on the Issuer to purchase or hold any Reference Portfolio Components and Securityholders have no rights in, or to require delivery of, any of such Reference Portfolio Components at any time. References to any rebalancing, disposal or acquisition or financing of a Reference Portfolio Component have to be understood as reference to a notional transaction and should not be construed as imposing any obligation on the Issuer or any of its affiliates or subsidiaries, the Manager, the Calculation Agent or any person to actually directly or indirectly, physically or synthetically acquire, dispose of or effect or take delivery of, or effect transactions in, any securities, investments or other property, but are references to the change in the value of, or in notional amounts to be determined for the purposes of calculating the value of, and relate solely to the calculation of the value of any amounts payable in respect of the Securities.*

*Whilst the Redemption Amount in respect of the Securities is linked to the market value of the Reference Portfolio Components, the Issuer is not obliged to invest the net proceeds of the issuance of the Securities in any Reference Portfolio Components at any time; the net proceeds will be used for hedging and general corporate purposes of the Issuer only. The Securityholders do not have any direct interest in, or beneficial ownership of any Reference Portfolio Component at any time.*

*Information on the Reference Portfolio Components contained herein is solely intended for the description of the Reference Portfolio and for the use of investors in the Securities and does not constitute an offer of any Reference Portfolio Components.*

### 1. General information about the Reference Portfolio

The Aktien Faktor-Select Global Portfolio (the "**Reference Portfolio**") is a notional EUR ("**EUR**") denominated actively managed Reference Portfolio, created and maintained by the KSW Vermögensverwaltung AG, Nordostpark 43, 90411 Nürnberg, Federal Republic of Germany, (the "**Reference Portfolio Advisor**") which is subject to adjustments by the Reference Portfolio Advisor in accordance with Section 6.

The Reference Portfolio aims to replicate the performance of

- (i) a long only basket of selected stocks (each, a "**Stock Constituent<sub>(i)</sub>**", and together, the "**Stock Constituents**") comprised in the Stock Investment Universe,
- (ii) long or short positions in equity futures markets (each, a "**Futures Constituent<sub>(i)</sub>**", and together, the "**Futures Constituents**") comprised in the Futures Investment Universe,
- (iii) long positions in exchange-traded call and put equity vanilla options (each, an "**Equity Option Constituent<sub>(i)</sub>**", and together, the "**Equity Option Constituents**") comprised in the Equity Option Investment Universe,
- (iv) positions in synthetic currency accounts with positive or negative notional cash balances (each a "**Synthetic Currency Account Constituent<sub>(i)</sub>**", and together, the "**Synthetic Currency Account Constituents**", and together with the Stock Constituents, the Futures Constituents and the Equity Option Constituents, the "**Constituents**") comprised in the Synthetic Currency Account Investment Universe, and
- (v) a EUR denominated cash position (the "**Cash Position**"; which, together with the Constituents, shall be referred to as the "**Reference Portfolio Components**"),

net of relevant fees, costs and expenses.

The Reference Portfolio represents a notional investment in the Reference Portfolio Components, as described in Section 2 below.

The Reference Portfolio Advisor has created the Reference Portfolio by selecting initial Reference Portfolio Components on 11 February 2020 (the "**Fixing Date**", provided that if such date is not a Constituents Business Day, the Fixing Date shall be the immediately succeeding Constituents Business Day) with an initial level of EUR 100.00 (the "**Initial Reference Portfolio Level**"). The initial Constituents are listed in Section 3 below.

The Reference Portfolio Advisor is responsible for adjusting the allocation of the Reference Portfolio Components (any such adjustment, a "**Rebalancing**") from time to time thereafter in accordance with Section 4 below. Certain limitations apply as to the composition of the Reference Portfolio from time to time as described in such section.

The level of the Reference Portfolio as determined by the Calculation Agent in accordance with the Terms and Conditions of the Securities (the "**Level of the Reference Portfolio**") is calculated in EUR net of certain fees and costs associated with the creation, maintenance and management of the Reference Portfolio.

Information about the past and the further performance of the Reference Portfolio and its volatility can be obtained free of charge at any time upon request from UBS Europe SE, Derivatives Sales, Bockenheimer Landstrasse 2-4, 60306 Frankfurt, Federal Republic of Germany.

## 2. Reference Portfolio Components

The Reference Portfolio, whose composition may vary from time to time, is actively managed by the Reference Portfolio Advisor and represents a notional investment in the Reference Portfolio Components. The Reference Portfolio Advisor is entitled to select any securities, assets, exposures or contracts that are part of the Investment Universes described below for inclusion in the Reference Portfolio (with such securities, assets, exposures or contracts becoming "Constituents" after inclusion in the Reference Portfolio) in its reasonable discretion pursuant and subject to the provisions contained in Sections 2, 4, 5 and 6. The Calculation Agent has the right to reject the inclusion of any Eligible Constituent due to any applicable rules, regulations and internal or external restrictions according to the provisions as set out below in Section 2.7 or Section 4.

The investment universes described below shall together be referred to as the "**Investment Universes**". In respect of the Investment Universes, all securities, assets, exposures or contracts which are eligible for inclusion in the Reference Portfolio shall collectively be referred to as "**Eligible Constituents**".

### 2.1 Stocks Constituents

The Reference Portfolio is entitled to reference as Stock Constituents long positions in stocks from the universe described below (the "**Stock Investment Universe**").

The Stock Investment Universe comprises shares in "Developed Market" and "Emerging Market" corporates worldwide (as defined in the most recent MSCI Global Investable Market Indexes Methodology, as published by MSCI, Inc. from time to time (the "**MSCI Methodology**")), with a minimum average daily trade turnover of at least USD 1 million at the time of Rebalancing may be incorporated as Stock Constituents in the Reference Portfolio (each an "**Eligible Stock Constituent**").

Eligible Stock Constituents from the Stock Investment Universe may be selected by the Reference Portfolio Advisor in its reasonable discretion pursuant and subject to the provisions contained in this document.

A notional amount reflecting net dividends on the Stock Constituents (where such net dividends are not denominated in the Redemption Currency, after such notional amount has been converted into the Redemption Currency at the then prevailing exchange rate, as determined by the Calculation Agent in its reasonable discretion) will be notionally allocated to the Cash Position on the ex-dividend date of that Stock Constituent.

In respect of any Stock Constituents which are, or include, U.S. equity securities, for purposes of determining

the amount of any dividend treated as notionally allocated to the Cash Position, the Calculation Agent, acting reasonably, shall reduce the amount of such dividend so allocated by the 30% withholding tax imposed by Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended.

## 2.2 Futures Constituents

The Reference Portfolio is entitled to reference as Futures Constituents long and/or short positions in equity futures markets from the universe described below (the "**Futures Investment Universe**").

Only futures markets linked to a benchmark equity indices may be incorporated as long and/or short Futures Constituents in the Reference Portfolio.

In the absence of other instructions from the Reference Portfolio Advisor, Futures Constituents will be closed out automatically on the expiration date of the Futures Constituents and a notional amount equal to such close out amount (where such close out amount is not denominated in the Redemption Currency, after such close out amount has been converted into the Redemption Currency at the then prevailing exchange rate, as determined by the Calculation Agent in its reasonable discretion) will be notionally allocated to the Cash Position on the day of such automatic close out. Such automatic close out shall not constitute a Rebalancing.

In respect of any Futures Constituents which reference U.S. equity securities, for purposes of determining the amount of any close out amount notionally allocated to the Cash Position, the Calculation Agent, acting reasonably, shall reduce the amount of such close out amount so allocated by the 30% withholding tax imposed by Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended.

## 2.3 Equity Option Constituents

The Reference Portfolio is entitled to reference as Equity Option Constituents long positions in various exchange-traded call and put equity vanilla options from the universe described below (the "**Equity Option Investment Universe**").

The Equity Option Investment Universe comprises exchange-traded call and put equity vanilla options that are exposed to shares in "Developed Market" corporates worldwide (as defined in the most recent MSCI Methodology), and benchmark indices and/or ETFs tracking shares in "Developed Market" corporates worldwide (as defined in the most recent MSCI Methodology) (each an "**Eligible Equity Option Constituent**").

In the absence of other instructions from the Reference Portfolio Advisor, Equity Option Constituents will be closed out automatically on the expiration date of the Equity Option Constituents and a notional amount equal to such close out amount (where such close out amount is not denominated in the Redemption Currency, after such close out amount has been converted into the Redemption Currency at the then prevailing exchange rate, as determined by the Calculation Agent in its reasonable discretion) will be notionally allocated to the Cash Position on the day of such automatic close out. Such automatic close out shall not constitute a Rebalancing.

In respect of any Equity Option Constituents which reference U.S. equity securities, for purposes of determining the amount of any close out amount notionally allocated to the Cash Position, the Calculation Agent, acting reasonably, shall reduce the amount of such close out amount so allocated by the 30% withholding tax imposed by Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended.

Eligible Equity Option Constituents from the Equity Option Investment Universe may be selected by the Reference Portfolio Advisor in its reasonable discretion pursuant and subject to the provisions contained in this document. The Calculation Agent is entitled to retain the right to reject the inclusion of any Eligible Equity Option Constituent due to any applicable rules, regulations and internal or external restrictions according to the provisions as set out below in Section 4.

## 2.4 Synthetic Currency Account Constituents

The Reference Portfolio is entitled to reference as Synthetic Currency Account Constituents positive or negative notional cash balances from the universe described below (the "**Synthetic Currency Account Investment Universe**").

|  | Constituent | Currency | Account Reference Rate | Account Spread |
|--|-------------|----------|------------------------|----------------|
|  |             |          |                        |                |

|   |                                |     |  |  |
|---|--------------------------------|-----|--|--|
| 1 | USD Synthetic Currency Account | USD | ICE LIBOR USD Overnight (Bloomberg page: US00O/N <Index>) (the " <b>Account Relevant Screen Page</b> ") plus the Account Spread  | In respect of positive notional cash balances, 0.00%<br><br>In respect of negative notional cash balances, 0.40% |
| 2 | CHF Synthetic Currency Account | CHF | (i) the Federal Funds Target Rate – Upper Bound (Bloomberg page: FDTR <Index>) (ii) plus the CHF Forward Implied 3 Month Rate (Bloomberg Page: CHF13M Curncy) (iii) minus the USD 3 Month LIBOR Rate (Bloomberg Page: US0003M Index) (each an " <b>Account Relevant Screen Page</b> ") plus the Account Spread | In respect of positive notional cash balances, 0.00%<br><br>In respect of negative notional cash balances, 0.40% |

The inclusion of Synthetic Currency Account Constituents allows for the execution of notional FX spot transactions to convert between the currencies of the various Synthetic Currency Account Constituents. The interest rate applied to each Synthetic Currency Account Constituent (each an "**Account Reference Rate**") is shown above, which for the avoidance of doubt will be inclusive of different spreads applied for positive and negative notional cash balances (each an "**Account Spread**").

Each component of the Account Reference Rate is referred to as an Account Reference Rate Component, including for the avoidance of doubt any spread that is applied. Each Account Reference Rate Component, with the exception of the Account Spread, corresponds to an Account Relevant Screen Page from which such Account Reference Rate Component is sourced, as shown above.

If any Account Relevant Screen Page does not display an interest rate, the corresponding Account Reference Rate Component shall be determined with reference to an equivalent interest rate on the corresponding page of another financial information service. If the required interest rate is no longer displayed in one of these forms, the Calculation Agent is entitled to specify in its reasonable discretion a successor Relevant Screen Page as the basis for the Account Reference Rate.

## 2.5 Cash Position

The Reference Portfolio will also contain a Cash Position as a Reference Portfolio Component, which represents a notional holding of a cash account denominated in the Redemption Currency and accruing interest at the prevailing reference rate (the "**Reference Rate**"), which can be negative from time to time.

The Reference Rate is observed on every Business Day and shall be equal to the (i) the Federal Funds Target Rate – Upper Bound (Bloomberg page: FDTR <Index>) (ii) plus the EUR Forward Implied 3 Month Rate (Bloomberg Page: EUR13M Curncy) (iii) minus the USD 3 Month LIBOR Rate (Bloomberg Page: US0003M Index) (each a "**Relevant Screen Page**") plus a spread (the "**Spread**") (each a "**Reference Rate Component**").

In respect of a positive Cash Position, the Spread shall be 0.0% and in respect of a negative Cash Position, the Spread shall be 0.40%.

If any Relevant Screen Page does not display an interest rate, the corresponding Reference Rate Component shall be determined with reference to an equivalent interest rate on the corresponding page of another financial information service. If the required interest rate is no longer displayed in one of these forms, the Calculation Agent is entitled to specify in its reasonable discretion a successor Relevant Screen Page as the basis for the Reference Rate.

If the Reference Portfolio Advisor proposes that the Issuer make a Conditional Distribution in respect of the Securities and the Issuer makes such Conditional Distribution in accordance with Section 2.6 and § 3 (*Conditional Distributions*) of the Terms and Conditions of the Securities, the Cash Position shall be notionally

reduced on the relevant Conditional Distribution Determination Date in respect of such Conditional Distribution by an amount equal to the relevant Conditional Distribution.

Further, on each day when an Adjustment Fee and/or a Reference Portfolio Fee becomes due as described in Section 5, the value of the Cash Position will be reduced by an amount equal to such Adjustment Fee and/or Reference Portfolio Fee.

Finally, the value of the Cash Position will also be increased or reduced to take into account any net dividends in respect of Stock Constituents, as well as by any close out amounts in respect of Futures Constituents or Equity Option Constituents, in each case, notionally allocated to the Cash Position from time to time.

## 2.6 Conditional Distributions

From time to time, the Reference Portfolio Advisor is entitled to propose that the Issuer make a conditional distribution to the Securityholders in an amount in the Redemption Currency equal to or less than the positive balance of the Cash Position at such time (a "**Conditional Distribution**").

In connection with each Conditional Distribution which the Reference Portfolio Advisor proposes in accordance with the preceding paragraph, the Reference Portfolio Advisor shall give not less than five (5) Business Days' prior written notice to the Issuer and to the Calculation Agent which specifies (i) the proposed amount of such Conditional Distribution and (ii) the date on which the Reference Portfolio Advisor proposes to notionally reduce the value of the Cash Position by an amount equal to such Conditional Distribution and for the Calculation Agent, acting reasonably, to adjust the Level of the Reference Portfolio accordingly (the "**Conditional Distribution Determination Date**"), provided that the Reference Portfolio Advisor may give such shorter notice to the Issuer and to the Calculation Agent for the purposes of this paragraph as may be agreed between the Reference Portfolio Advisor and the Issuer from time to time.

If the Calculation Agent, in its reasonable discretion, does not agree with the Conditional Distribution Determination Date notified to it by the Reference Portfolio Advisor, the Calculation Agent and the Reference Portfolio Advisor shall negotiate in good faith to agree an alternative Conditional Distribution Determination Date.

If the Calculation Agent and the Reference Portfolio Advisor agree such alternative Conditional Distribution Determination Date, the Reference Portfolio Advisor shall, within one (1) Business Day of such agreement, give written notice to the Issuer of such alternative Conditional Distribution Determination Date for the purposes of such Conditional Distribution and requesting the Issuer to make such Conditional Distribution on the date falling five (5) Business Days following the corresponding Conditional Distribution Determination Date.

If the Calculation Agent and the Reference Portfolio Advisor do not agree such alternative Conditional Distribution Determination Date, the notice given by the Reference Portfolio Advisor shall be null and void and the Issuer shall not make a corresponding Conditional Distribution.

The Reference Portfolio Advisor shall not instruct the Issuer to make more than two (2) Conditional Distributions in any calendar year.

## 2.7 Investment Restrictions

Constituents may be selected by the Reference Portfolio Advisor for notional purchase or, as the case may be, sale or unwind in accordance with the following investment restrictions (the "**Investment Restrictions**").

**For the avoidance of doubt: The responsibility and legal duty that the Reference Portfolio complies with the Investment Restrictions is solely with the Reference Portfolio Advisor.**

### 2.7.1 Portfolio Investment Restrictions

- (a) The sum of the Exposures of all Constituents, excluding FX Forward Constituents, is capped at a maximum of 100% (the "**Leverage Threshold**") at all times during the lifetime of the product.
- (b) The sum of the absolute values of the Exposures of all Constituents is capped at a maximum of 200% (the "**Gross Leverage Threshold**") at all times during the lifetime of the product.

- (c) The sum of the Exposures of all Constituents in respect of which the Reference Portfolio has a long position is capped at a maximum of 100% (the "**Long Leverage Threshold**") at all times during the lifetime of the product.
- (d) The sum of the absolute values of the Exposures of all Constituents in respect of which the Reference Portfolio has a short position is capped at a maximum of 100% (the "**Short Leverage Threshold**") at all times during the lifetime of the product.
- (e) A value at risk ("**VaR**") limit of 60% of the Stop Loss Level must be maintained at all times, including for the avoidance of doubt when a Rebalancing occurs (taking into account all Eligible Constituents which the Reference Portfolio Advisor has proposed to notionally include in the Reference Portfolio pursuant to such Rebalancing or, as the case may be, all existing Constituents to exposure to which in the Reference Portfolio the Reference Portfolio Advisor has proposed to increase or decrease pursuant to such Rebalancing). The VaR shall be the lowest of the 99% confidence levels over a 2-week period (calculated by scaling the 1-day VaR) of the 1-year, 2-year, 3-year and Monte Carlo VaR, as determined by the Calculation Agent in its reasonable discretion.

### 2.7.2 Constituent Investment Restrictions

- (a) The Weight of the Cash Position shall at all times be greater than -5%.
- (b) The Weight of the Cash Position shall, on average throughout a calendar year, be smaller than 50%.
- (c) The absolute value of the Exposure of each Stock Constituent is capped at a maximum of 20%.

### 2.7.3 Consequences of Investment Restrictions Breaches

In case any of the above Investment Restrictions are breached at any time during the life of the product, the Issuer has the right, but is not obliged, to notionally unwind Constituents in its reasonable discretion until no such breach exists. In respect of such notional unwind, a notional credit or debit, as the case may be, shall be made to the Cash Position corresponding to the Notional Net Disposal Value of such Constituents with effect from the date of the notional unwind.

## 2.8 Additional Definitions

"**Exposure**" means, with respect to any Constituent, on the Fixing Date or on any Business Day thereafter, the notional exposure in the Redemption Currency of such Constituent, as converted into the Redemption Currency, where such Constituent is not denominated in the Redemption Currency, at the then prevailing currency exchange rate, divided by the Level of the Reference Portfolio, both as determined by the Calculation Agent in its reasonable discretion.

"**Weight**" means, with respect to the Cash Position, on the Fixing Date or on any Business Day thereafter, the notional value of the Cash Position divided by the Level of the Reference Portfolio, as determined by the Calculation Agent in its reasonable discretion.

## 3. Initial Composition of the Reference Portfolio

The Reference Portfolio was created on the Fixing Date with an initial value equal to the Initial Reference Portfolio Level. On the Fixing Date, the Reference Portfolio Components were as set out below:

|   | Bloomberg Ticker | Reference Portfolio Component | Base Currency | Foreign Currency | Tenor | Price | Exposure / Weight |
|---|------------------|-------------------------------|---------------|------------------|-------|-------|-------------------|
| 1 |                  | NTT Docomo                    |               |                  |       |       | 3.33%             |
| 2 |                  | Lukoil                        |               |                  |       |       | 3.33%             |



|    |  |                                     |  |  |  |  |       |
|----|--|-------------------------------------|--|--|--|--|-------|
| 3  |  | Axa                                 |  |  |  |  | 3.33% |
| 4  |  | NK Rosneft' PAO                     |  |  |  |  | 3.33% |
| 5  |  | Rio Tinto Ltd                       |  |  |  |  | 3.33% |
| 6  |  | Mobil'nye Telesistemy PAO           |  |  |  |  | 3.33% |
| 7  |  | Münchener Rück                      |  |  |  |  | 3.33% |
| 8  |  | SCOR SE                             |  |  |  |  | 3.33% |
| 9  |  | Zurich Insur Group N                |  |  |  |  | 3.33% |
| 10 |  | Vale SA                             |  |  |  |  | 3.33% |
| 11 |  | Allianz                             |  |  |  |  | 3.33% |
| 12 |  | BNP Banque National Paribas         |  |  |  |  | 3.33% |
| 13 |  | Iberdrola                           |  |  |  |  | 3.33% |
| 14 |  | ORKLA ASA                           |  |  |  |  | 3.33% |
| 15 |  | Deutsche Telekom AG                 |  |  |  |  | 3.33% |
| 16 |  | Signify NV                          |  |  |  |  | 3.33% |
| 17 |  | Suez SA                             |  |  |  |  | 3.33% |
| 18 |  | Repsol                              |  |  |  |  | 3.33% |
| 19 |  | KDDI CORP                           |  |  |  |  | 3.33% |
| 20 |  | Sekisui House Ltd                   |  |  |  |  | 3.33% |
| 21 |  | Enel                                |  |  |  |  | 3.33% |
| 22 |  | Nippon Telegraph and Telephone Corp |  |  |  |  | 3.33% |
| 23 |  | KT Corp                             |  |  |  |  | 3.33% |
| 24 |  | Glaxosmithkline !                   |  |  |  |  | 3.33% |
| 25 |  | Polymetal International PLC         |  |  |  |  | 3.33% |
| 26 |  | BHP Group PLC                       |  |  |  |  | 3.33% |
| 27 |  | Lockheed Martin                     |  |  |  |  | 3.33% |
| 28 |  | Delta Air Lines                     |  |  |  |  | 3.33% |
| 29 |  | Home Depot Inc                      |  |  |  |  | 3.33% |
| 30 |  | Snam S.p.A.                         |  |  |  |  | 3.33% |
| 31 |  | EUR Cash Position                   |  |  |  |  | 0%    |

#### 4. Rebalancings of the Reference Portfolio

- 4.1 A Rebalancing may be initiated by the Reference Portfolio Advisor on any Business Day following the Fixing Date, effective as of the immediately following Business Day (such day, a "**Reference Portfolio Adjustment Date**"), provided that the Reference Portfolio Advisor shall not initiate a Rebalancing if the Reference Portfolio Advisor determines, acting reasonably, that, on the Reference Portfolio Adjustment Date in respect of such Rebalancing, a Market Disruption Event (which includes an FX Disruption Event) would occur or be subsisting in respect of any Constituent the subject of such Rebalancing.

The number of Rebalancings in any such 12 month period shall be less than 52.

For the avoidance of doubt, a single Rebalancing may comprise of a change to more than one Constituent, and therefore a change in the position of multiple Constituents which were the result of a single Rebalancing instruction by the Reference Portfolio Advisor shall be considered as one Rebalancing.

- 4.2 On any Business Day, the Reference Portfolio Advisor is entitled to, as it deems appropriate in its reasonable discretion, give notice to the Calculation Agent of its intention to initiate a Rebalancing on such day (a "**Rebalancing Notice**"), and effective on the Reference Portfolio Adjustment Date.

Save as the Calculation Agent may otherwise agree, a Rebalancing Notice shall not be effective if, at the time of such Rebalancing Notice is received, a Rebalancing in respect of any Rebalancing Notice received earlier on such Business Day has not yet been completed or otherwise rejected. For the purposes hereof, a Rebalancing is deemed completed upon notification by the Calculation Agent to the Reference Portfolio Advisor, with respect to the relevant Rebalancing, of the relevant Notional Net Acquisition Cost of each Eligible Constituent notionally included in the Reference Portfolio, the Notional Net Disposal Value(s) of each Constituent notionally removed from the Reference Portfolio and the Exposure of each applicable Constituent notionally comprised in the Reference Portfolio following the relevant Rebalancing.

- 4.3 Should the Calculation Agent determine that a Rebalancing shall be effective over multiple days (for example in the scenario where some Constituents or Eligible Constituents, as the case may be, referenced in a Rebalancing may be notionally acquired or unwound on a Constituents Business Day and other Constituents or Eligible Constituents, as the case may be, referenced in the same Rebalancing may be notionally acquired or unwound on a subsequent (immediately following or otherwise) Constituents Business Day), then despite the effective date covering multiple Constituents Business Days, it shall be treated as a single Rebalancing.
- 4.4 The Calculation Agent will determine the exact number of Constituents based on prevailing market conditions, including exchange rates when relevant, in its reasonable discretion. Such number may deviate from the target Exposure recommended by the Reference Portfolio Advisor.
- 4.5 On each Reference Portfolio Adjustment Date, notional debits and credits to the Cash Position shall be made as follows
- (i) In respect of the notional acquisition of exposure to a Constituent, a notional debit or credit, as the case may be, shall be made to the Cash Position corresponding to the Notional Net Acquisition Value of such Constituent, with effect from the date of the notional acquisition of exposure to such Constituent; and
  - (ii) In respect of the notional unwind of exposure to a Constituent, a notional debit or credit, as the case may be shall be made to the Cash Position corresponding to the Notional Net Disposal Value of such Constituent, with effect from the date of the notional unwind of exposure to such Constituent.

For the avoidance of doubt, if the notional acquisition or unwind of exposure to a Constituent results in the notional credit or debit to the Cash Position and such Constituent is not denominated in the Redemption Currency, then the Calculation Agent will apply the prevailing currency exchange rate, as determined in its reasonable discretion determine the value of the notional credit or debit to the Cash

Position.

- 4.6 The Calculation Agent is entitled but has no legal duty to refuse the notional acquisition or unwind of exposure to any Constituent and to require the Reference Portfolio Advisor to initiate a Rebalancing in certain circumstances, as follows:
- (i) The Reference Portfolio Advisor has selected a security, asset, exposure or contract for inclusion in the Reference Portfolio which is not part of the Investment Universe;
  - (ii) The Reference Portfolio is in, or following the relevant Rebalancing would, breach any of the Investment Restrictions or any other rule or provision contained herein;
  - (iii) A Market Disruption Event (which includes an FX Disruption Event) has occurred in respect of the relevant Constituent on the relevant Reference Portfolio Adjustment Date;
  - (iv) The Calculation Agent determines that a Hedging Disruption Event has occurred in relation to any Constituent or Eligible Constituent. In this paragraph, "**Hedging Disruption Event**" means the determination by the Calculation Agent that it would not be reasonably practicable or it would otherwise be undesirable, for any reason, for a notional Investor wholly or partially to establish, re-establish, substitute or maintain any hedging transaction which in the determination of the Calculation Agent would be necessary or desirable to hedge the obligations of an issuer of securities linked to the performance of the Reference Portfolio (such reasons may include, but are not limited to (i) any material illiquidity in the market for any Constituent or Eligible Constituent, (ii) a change in any applicable law (including, without limitation, any tax law) or the promulgation of, or change in, the interpretation of any court, tribunal or regulatory authority with competent jurisdiction of any applicable law (including any action taken by a taxing authority); or (iii) the general unavailability of market participants who would agree to enter into any such hedging transaction on commercially reasonable terms or at all; and
  - (v) The Calculation Agent determines that it would not be reasonably practicable for a notional Investor in the same position as the Issuer to make purchases and/or sales of the Constituent(s), as the case may be, due to compliance, regulatory, reporting or reputational constraints, take-over considerations, internal restrictions or lack of internal approval.

In the event that the Calculation Agent requires the Reference Portfolio Advisor to initiate a Rebalancing such that the Reference Portfolio complies with the foregoing, the Reference Portfolio Advisor shall, as soon as is reasonably practicable and without undue delay, initiate a Rebalancing such that the Reference Portfolio complies with the foregoing as at the immediately following Reference Portfolio Adjustment Date. The Reference Portfolio Advisor has no right to object to such Rebalancing required by the Calculation Agent.

**For the avoidance of doubt: Notwithstanding the entitlements of the Calculation Agent under this paragraph, the sole responsibility and legal duty to manage the Reference Portfolio in compliance with the rules and provisions contained in this Section 4 is with the Reference Portfolio Advisor.**

- 4.7 As soon as is reasonably practicable after receipt of an effective Rebalancing Notice on a Reference Portfolio Adjustment Date, and subject to any rejection pursuant to sub-Section 4.5 above, the Calculation Agent shall notify the Reference Portfolio Advisor of (a) the Notional Net Acquisition Cost and Notional Net Disposal Value applicable to each Constituent that is subject to the Rebalancing and (b) the Exposure of each Constituent comprised in the Reference Portfolio as a result of the Rebalancing. Upon receipt by the Reference Portfolio Advisor of such notice from the Calculation Agent, the Rebalancing shall be binding and conclusive on the Reference Portfolio Advisor in the absence of manifest error.

For the avoidance of doubt, a proposed Rebalancing shall be effective only if and to the extent that the Calculation Agent, on the Reference Portfolio Adjustment Date on which the relevant Rebalancing Notice is given, notifies to the Reference Portfolio Advisor the information mentioned in (a) and (b) above. Should a proposed Rebalancing not be fully effective on a Reference Portfolio Adjustment Date, subject to Section 4.3, the Reference Portfolio Advisor will be required to deliver one or more further Rebalancing Notices in accordance with the provisions hereof to execute the remainder of the initially proposed Rebalancing.

4.8 In this section:

- (i) **"Notional Net Acquisition Value"** means, in relation to an Eligible Constituent, the notional price (net of any applicable Adjustment Fee) at which the Calculation Agent determines that a notional investor would be able to notionally acquire exposure to such Constituent (where applicable, on the relevant Exchange) at the execution time on the relevant Reference Portfolio Adjustment Date, as converted into Redemption Currency where such Constituent is not denominated in the Redemption Currency, at the then prevailing currency exchange rate, each as determined by the Calculation Agent in its reasonable discretion; and
- (ii) **"Notional Net Disposal Value"** means, in relation to a Constituent, the notional price (net of any applicable Adjustment Fee) at which the Calculation Agent determines that a notional investor would be able to notionally unwind exposure to such Constituent (where applicable, on the relevant Exchange) at the execution time on the relevant Reference Portfolio Adjustment Date, as converted into Redemption Currency, where such Constituent is not denominated in the Redemption Currency, at the then prevailing currency exchange rate, each as determined by the Calculation Agent in its reasonable discretion.

## 5. Fees and Costs applicable to the Reference Portfolio

The Reference Portfolio is calculated net of certain fees, costs, taxes, charges and expenses that may be incurred from time to time in connection with the creation, maintenance and management of the Reference Portfolio, as follows:

5.1 **Reference Portfolio Advisory Fee:** None.

5.2 **Issuer Fee:** The Issuer will receive a fee (the **"Issuer Fee"**) of 0.70% per annum in respect of Stock Constituents that are classified as shares in "Emerging Market" corporates worldwide, according to the most recent MSCI Methodology, and 0.25% per annum in respect of all other Reference Portfolio Components, deducted from the respective Level of the Reference Portfolio on a pro-rata daily basis as determined by the Calculation Agent. The maximum Issuer Fee is therefore 0.70% per annum.

5.3 **Adjustment Fee:** An adjustment fee (the **"Adjustment Fee"**) is levied in the context of adjusting the Reference Portfolio Components. This Adjustment Fee is, for calculation purposes, referenced to each notional adjustment made in the Reference-Portfolio, and represents a percentage of the notional volume of each of the purchase and/or sale of a Constituent (comprised in the Reference Portfolio), as converted in EUR at the then prevailing exchange rate, as determined by the Calculation Agent in its reasonable discretion. For the avoidance of doubt, unwind costs to determine the Final Reference Portfolio Level shall constitute Adjustment Fees.

In respect of each Constituent, the Adjustment Fee is equal to:

|   |       |
|---|-------|
| Stock Constituents                      | 0.10% |
| Equity Option Constituents              | 0.03% |
| Futures Constituents                    | 0.05% |
| Synthetic Currency Account Constituents | 0.03% |

The sum of the Reference Portfolio Advisory Fee and the Issuer Fee shall constitute the **"Reference Portfolio Fee"**.

The Reference Portfolio Fee shall be calculated on a daily basis by the Calculation Agent and shall be deducted from the Cash Position (and, accordingly, from the Level of the Reference Portfolio) on a pro rata daily basis. The relevant Adjustment Fee shall be calculated by the Calculation Agent and shall be deducted from the Cash Position (and, accordingly, from the Level of the Reference Portfolio) on each Reference Portfolio Adjustment Date. If, at the time the Reference Portfolio Fee or any Adjustment Fee is calculated, the value of the Cash Position is insufficient to cover any such fee, the Calculation Agent is entitled to require the Reference Portfolio Advisor to initiate a Rebalancing in accordance with Section 4.

## 6. Adjustments of the Reference Portfolio

### 6.1 Consequences of the Occurrence of a General Reference Portfolio Disruption Event or a Component Disruption Event

If, at any time prior to a Valuation Date, the Reference Portfolio Advisor determines that a General Reference Portfolio Disruption Event occurs in respect of the Reference Portfolio or a Component Disruption Event occurs in respect of any one or more Reference Portfolio Components, the Reference Portfolio Advisor shall make such adjustments (if any) to the Reference Portfolio (including, without limitation, the Investment Universes in respect of the Reference Portfolio) as the Reference Portfolio Advisor determines, acting reasonably, are necessary or appropriate to preserve to the greatest extent possible the Level of the Reference Portfolio and the economic balance of the Securities between the Issuer and the Securityholders which existed immediately prior to the occurrence of such General Reference Portfolio Disruption Event or, as the case may be, Component Disruption Event.

For these purposes:

**"Component Disruption Event"** means, in respect of any Reference Portfolio Component, the occurrence of any one or more of the following events:

- (a) a change to the liquidity, the trading volume, the terms or listing of any Reference Portfolio Component or any component or underlying of such Reference Portfolio Component;
- (b) a change in or in the interpretation of any applicable law or regulation;
- (c) any event or circumstance whereby the value of such Reference Portfolio Component or any component or underlying thereof is incorrect or unreliable;
- (d) such Reference Portfolio Component or any component or underlying thereof is permanently discontinued or unavailable;
- (e) a change in the method by which the value of a Reference Portfolio Component or any component or underlying thereof is calculated;
- (f) the occurrence of any event which has a material effect on the ability of an issuer of an investment product linked to the Reference Portfolio to manage any hedge position in relation to such investment product;
- (g) the occurrence of any other event which has a material impact on the ability of the Reference Portfolio Advisor to perform its obligations in respect of the Reference Portfolio; and
- (h) the occurrence of any other event or circumstance which prevents the Reference Portfolio from meeting its objective,

in each case, which the Reference Portfolio Advisor determines, acting reasonably, has or is reasonably likely to have a material adverse effect on the Level of the Reference Portfolio and the economic balance of the Securities between the Issuer and the Securityholders which existed immediately prior to the occurrence of such Component Disruption Event in respect of such Reference Portfolio Component.

**"General Reference Portfolio Disruption Event"** means the occurrence of any one or more of the following events:

- (a) an unscheduled closure or material restriction or suspension in trading of any relevant money market;
- (b) the failure, suspension or postponement of any calculation by a party other than the Reference Portfolio Advisor necessary for the purposes of determining the composition of the Reference Portfolio or a breakdown in communications or procedure which is normally used in connection with determining the composition of the Reference Portfolio at any time;
- (c) any event which the Reference Portfolio Advisor determines, acting reasonably, prevents the prompt or accurate determination of the composition of the Reference Portfolio; and

- (d) the disruption of trading on the Reference Exchange (if any) in respect of any Reference Portfolio Component or any other similar event that materially disrupts or impairs trading of any Reference Portfolio Component comprised in the Reference Portfolio at such time,

in each case, which the Reference Portfolio Advisor determines, acting reasonably, has or is reasonably likely to have an adverse impact on the Level of the Reference Portfolio and the economic balance of the Securities between the Issuer and the Securityholders which existed immediately prior to the occurrence of such General Reference Portfolio Disruption Event.

**"Reference Exchange"** means, with respect to (i) a Stock Constituent, the Relevant Futures and Options Exchange; (ii) a Futures Constituent, the Relevant Exchange; and (iii) an Equity Option Constituent, the Relevant Exchange.

## 6.2 Successor Underlying; Substitute Exchange; Corrected Price

### 6.2.1 *Successor Underlying*

In the event that, prior to a Valuation Date, any share comprising a Stock Constituent or referenced by a Futures Constituent or an Equity Option Constituent (the **"Original Underlying"**) ceases to exist and/or is replaced by a successor share (by any parties other than the Reference Portfolio Advisor), the Reference Portfolio Advisor shall determine, acting reasonably, which underlying economically equivalent to the Original Underlying shall comprise such Stock Constituent or be referenced by such Futures Constituent or Equity Option Constituent in the future (the **"Successor Underlying"**) and to replace such Original Underlying with the Successor Underlying.

### 6.2.2 *Substitute Exchange*

In the event that, prior to a Valuation Date, the quotation or trading in a Stock Constituent, a Futures Constituent or an Equity Option Constituent is discontinued on the Reference Exchange and, concurrently, quotation or trading in such Constituent is started up or maintain on another stock exchange, the Reference Portfolio Advisor shall be entitled to stipulate such other stock exchange (the **"Substitute Exchange"**) as new Reference Exchange.

### 6.2.3 *Corrected Price*

In the event that, prior to a Valuation Date, the price of a Stock Constituent, a Futures Constituent or an Equity Option Constituent published by the Reference Exchange is corrected and the correction (the **"Corrected Price"**) is published by the Reference Exchange after the original publication, but still within one Settlement Cycle, the Reference Portfolio Advisor shall be entitled to effect such adjustments to the Reference Portfolio as the Reference Portfolio Advisor determines, acting reasonably, are necessary or appropriate to account for the Corrected Price.

For these purposes, **"Settlement Cycle"** means, in respect of any share comprising a Stock Constituent or referenced by a Futures Constituent or an Equity Option Constituent, the number of days following a trade in such share on the Reference Exchange with respect to such Reference Portfolio Constituent in which settlement will customarily occur in accordance with the rules of the relevant Reference Exchange.

## 6.3 Adjustments and Determinations

### 6.3.1 *No Rebalancing*

Any adjustment to and/or determination in respect of the Reference Portfolio made by the Reference Portfolio Advisor in accordance with this Section 6 shall not constitute a Rebalancing.

### 6.3.2 *Adjustments and Determinations Final and Binding*

The Reference Portfolio Advisor shall effect all adjustments to and/or determinations in respect of the Reference Portfolio in accordance with this Section 6, acting reasonably and under consideration of the market conditions prevailing at the time such adjustments and/or determinations. Any such

adjustments and/or determinations made by the Reference Portfolio Advisor shall be final, conclusive and binding, except where there is a manifest error.

### 6.3.3 *Timing of Adjustments; Notification*

In connection with any adjustment to and/or determination in respect of the Reference Portfolio in accordance with this Section 6, the Reference Portfolio Advisor shall (i) determine the date on which such adjustment and/or determination shall take effect (the "**Adjustment Effective Date**") and, (ii) promptly and, in any event, within one (1) Business Day of deciding to make such adjustment and/or determination, notify such adjustment and/or determination and the relevant Adjustment Effective Date to the Issuer and the Calculation Agent.

## F. SUBSCRIPTION AND SALE

### 1. Issue and Sale

It has been agreed that, on 17 February 2020 (the "**Issue Date**", provided that if such date is not a Constituents Business Day, the immediately succeeding Constituents Business Day shall be "Issue Date") UBS Europe SE, Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main, Germany, and KSW Vermögensverwaltung AG, Nordostpark 43, 90411 Nürnberg, Federal Republic of Germany, (each an "**Authorised Offeror**") shall underwrite the Securities by means of an underwriting agreement dated as of the Issue Date and shall place them for sale under terms subject to change in the Public Offer Jurisdictions.

UBS Europe SE, Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main, Germany, shall be responsible for coordinating the entire Securities offering.

The total commission due for the respective underwriting and/or placement service relating to the underwriting of the Securities is: Underwriting and/or placing fee (as defined in the section "Key Terms and Definitions of the Securities").

### 2. Subscription and Delivery of the Securities

It has been agreed that, on or after the Issue Date of the Securities, the Authorised Offeror(s) may purchase Securities and shall place the Securities for sale in the Public Offer Jurisdictions at an amount of EUR 100,00 per Security (the "**Issue Price**") under terms subject to change in the Public Offer Jurisdictions. The Issue Price was fixed at the Start of the public offer of the Securities. Thereafter, the selling price will then be adjusted on a continuous basis to reflect the prevailing market situation.

As of 17 February 2020 (the "**Start of the public offer of the Securities**"), the Securities may be purchased from the Authorised Offeror(s) during normal banking hours. Such offer of the Securities is made on a continuous basis. There will be no subscription period. The Issue Price per Security is payable on 17 February 2020 (the "**Initial Payment Date**").

After the Initial Payment Date, the appropriate number of Securities shall be credited to the investor's account in accordance with the rules of the Clearing System.

### 3. Selling Restrictions

#### **General**

The Manager has represented and agreed (and each additional Manager will be required to represent and agree) that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Securities or possesses or distributes the Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Manager shall have any responsibility therefore. Neither the Issuer nor the Manager has represented that Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or has assumed any responsibility for facilitating such sale.

The Securities may not be offered, sold, re-offered or re-sold in any jurisdiction except in circumstances where any such offer, sale, re-offer or re-sale is in compliance with all applicable laws, regulations and exchange control restrictions. In particular, investors should seek specific advice, if the intended offer, sale, re-offer or re-sale of the Securities is made in any of the countries whose currencies comprise the Reference Portfolio or to any resident of any such country, to ensure that there will be no breach of such applicable laws, regulations and exchange control restrictions.

#### **United States of America**

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, United States persons, as defined in the clause (ii) in the below paragraph. Unless otherwise



defined herein, terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Upon the purchase of any Securities, each investor in or holder of such Securities is deemed to represent to the Issuer that: (i) it understands that the Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons; (ii) it is not a "United States person", as that term is defined under section 7701(a)(30) of the United States Internal Revenue Code of 1986; and (iii) it, or any subsequent purchaser or transferee of the Securities, will not reoffer, resell or pledge, the Securities or otherwise transfer any interest therein to a United States person, as defined in clause (ii) above. For the purposes of this clause (ii) a United States person shall include pass-thru entities with at least one owner that meets the definition of United States person under section 7701(a)(30) of the United States Internal Revenue Code of 1986. The Securities may not be sold or offered within the United States or to U.S. persons. For the purposes of this selling restriction, U.S. persons shall include pass-thru entities with owners that are "United States person" as that term is defined under Section 7701(a)(30) of the US Internal Revenue Code.

#### Prohibition of Sales to EEA Retail Investors

Each Manager has represented and agreed, and each further Manager appointed under the Prospectus will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Prospectus to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation (as defined below); and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

Each Manager has represented and agreed, and each further Manager appointed under the Prospectus will be required to represent and agree, in relation to each member state of the European Economic Area (each, a "Member State"), that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Prospectus in that Member State except that it may make an offer of such Securities to the public in that Member State:

- (a) *Approved prospectus*: in the period beginning and ending on the dates specified in this Prospectus, provided that the Issuer has consented in writing to the use of this Prospectus for the purpose of such offer;
- (b) *Qualified investors*: at any time if it is addressed solely to a qualified investor as defined in the Prospectus Regulation;
- (c) *Fewer than 150 offerees*: at any time if it is addressed to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (d) *Other exempt offers*: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Securities referred to in (b) to (d) above shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "**offer of Securities to the public**" in relation to any Securities in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

### Hong Kong

Each purchaser has represented and agreed that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

**This is a structured product which involves derivatives. Do not invest in it unless you fully understand and are willing to assume the risks associated with it. If you are in any doubt about the risks involved in the product, you may clarify with the intermediary or seek independent professional advice.**

### Singapore

Each Manager has represented and agreed (and each additional Manager will be required to represent and agree) that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, each Manager has represented and agreed (and each additional Manager will be required to represent and agree) that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (as modified and/or amended from time to time, the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or

- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Pursuant to section 309B(1)(c) of the SFA, the Issuer hereby notifies the relevant persons (as defined in the SFA) that the Securities are classified as "capital markets products other than prescribed capital markets products" (as defined in the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018) and "Specified Investment Products" (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommends on Investment Products).

## G. WARNING IN CONNECTION WITH THE TAX TREATMENT OF THE SECURITIES

The taxation of the Securities is subject to the tax laws in Switzerland, where the Issuer has its registered seat. In addition, the taxation of the Securities may be subject to the tax laws of the Federal Republic of Germany and the Grand Duchy of Luxembourg to the extent investors in the Securities are subject to such laws. **Prospective purchasers of Securities should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Securities and receiving payments of interest, principal and/or other amounts under the Securities and the consequences of such actions under the relevant tax laws.**

**The Issuer does not assume any responsibility for the withholding of taxes at the source.**

### US Withholding Tax

A 30 per cent. withholding tax is imposed on certain "dividend equivalents" paid or deemed paid to a non-U.S. Securityholder with respect to a "specified equity-linked instrument" that references one or more dividend-paying U.S. equity securities. The withholding tax can apply even if the instrument does not provide for payments that reference dividends.

The Issuer will determine whether dividend equivalents on the Securities are subject to withholding as of the close of the relevant market(s) on the Fixing Date. If withholding is required, the Issuer (or the applicable paying agent) will withhold 30 per cent. in respect of dividend equivalents paid or deemed paid on the Securities and will not pay any additional amounts to the Securityholders with respect to any such taxes withheld. If the Terms and Conditions of the Securities provide that all or a portion of the dividends on U.S. underlying equity securities are reinvested in the underlyings during the term of the Securities, the Terms and Conditions of the Securities may also provide that only 70 per cent. of a deemed dividend equivalent will be reinvested. The remaining 30 per cent. of such deemed dividend equivalent will be treated, solely for U.S. federal income tax purposes, as having been withheld from a gross dividend equivalent payment due to the investor and remitted to the U.S. Internal Revenue Service on behalf of the investor. The Issuer will withhold this amount regardless of whether an investor is a United States person for U.S. federal income tax purposes or a non-United States person that may otherwise be entitled to an exemption or reduction of tax on U.S. source dividend payments pursuant to an income tax treaty.

Even if the Issuer determines that a Securityholder's Securities are not specified equity-linked instruments that are subject to withholding on dividend equivalents, it is possible that a Securityholder's Securities could be deemed to be reissued for tax purposes upon the occurrence of certain events affecting any relevant Constituent or a Securityholder's Securities, and following such occurrence a Securityholder's Securities could be treated as specified equity-linked instruments that are subject to withholding on dividend equivalent payments. It is also possible that withholding tax or other tax under Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended, ("**Section 871(m)**") could apply to the Securities under these rules if a non-U.S. Securityholder enters, or has entered, into certain other transactions in respect of the relevant Constituent. As described above, if withholding is required, the Issuer will withhold 30 per cent. in respect of dividend equivalents paid or deemed paid on the Securities and will not pay any additional amounts to the Securityholders with respect to any such taxes withheld.

Additionally, in the event that withholding is required, the Issuer hereby notifies each Securityholder that for purposes of Section 871(m), that the Issuer will withhold in respect of dividend equivalents paid or deemed paid on the Securities on the dividend payment date as described in U.S. Treasury Department regulations section 1.1441-2(e)(4) and section 3.03(B) of the form of Qualified Intermediary Agreement contained in Revenue Procedure 2017-15, as applicable, regardless of whether such investor would otherwise be entitled to an exemption from or reduction of withholding on such payments (e.g., a United States person for U.S. federal income tax purposes or a non-United States person eligible for an exemption from or reduction in withholding pursuant to an income tax treaty). **There is the risk that a Securityholder will not be able to successfully claim a refund of the tax withheld in excess of the tax rate that would otherwise apply to such payments.**

In the event that the Securities reference an index as a Reference Portfolio Component, then, regardless of whether the relevant Reference Portfolio Component is a net price return, a price return or a total return index, the payments on the Securities (including any amounts deemed reinvested in the Reference Portfolio Component) will reflect the gross dividend payments paid by the issuers of the securities comprising the index less applicable withholding tax amounts in respect of such gross dividends, which in the case of U.S. source dividends, will be paid by or on behalf of the Issuer to the U.S. Internal Revenue Service in accordance with

the U.S. withholding tax rules under Section 871(m).

**Securityholders should consult with their tax advisors regarding the application of Section 871(m) and the regulations thereunder in respect of their acquisition and ownership of the Securities, including a non-U.S. Securityholder that enters, or has entered, into other transactions in respect of the relevant Constituent, as the case may be.**

## H. GENERAL INFORMATION

### 1. Form of Document

This document – including any supplements approved by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**") in respect hereof and published by UBS AG – comprises a securities note (the "**Securities Note**") and a summary (the "**Summary**") and, together with the registration document of UBS AG dated 13 November 2019, as supplemented from time to time, (as approved by BaFin, the "**Registration Document**") constitutes a prospectus (the "**Prospectus**") according to Art. 6 (3) of the Prospectus Regulation.

### 2. Publication

The Prospectus has been published and can be accessed on the website of UBS at <http://keyinvest-de.ubs.com/> or any successor address notified by the Issuer to the Securityholders for this purpose by way of publication on <http://keyinvest-de.ubs.com/> by entering the ISIN (CH0473581046) of the Securities in the search field.

The Prospectus will also be available at the registered office of the Issuer.

### 3. Authorisation

The Issuer does not need to obtain (individual) authorisation from its Management Board to issue the Securities. There exists a general resolution for the issue of the Securities.

### 4. Approval of the Prospectus and Notification

This document, comprising the Summary and the Securities Note, has been approved by BaFin, as competent authority under the Prospectus Regulation as part of a tri-partite prospectus. BaFin has only approved this document, comprising the Summary and the Securities Note, as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the Securities that are the subject of the Summary and the Securities Note. Investors should make their own assessment as to the suitability of investing in the Securities.

In order to be able to conduct a public offer (the "**EEA Passport**") in the Grand Duchy of Luxembourg, the Issuer has applied for a notification of the Prospectus pursuant to Article 25 of the Prospectus Regulation into the Grand Duchy of Luxembourg. The Issuer reserves the right to apply to the BaFin for EEA Passports into further EEA states.

A special permit allowing for the Securities to be offered or the prospectus to be distributed in a jurisdiction outside of those countries for which an EEA Passport is possible and a permit required has not been obtained.

### 5. Reasons for the Offer and Use of Proceeds

The reason for the offer to the public / admission to trading of the Securities is making profit and/or hedging certain risks of the Issuer. The net proceeds from the sale of the Securities will be used for funding purposes of the UBS Group. The Issuer shall not employ the net proceeds within Switzerland. The net proceeds from the issue shall be employed by the Issuer for general business purposes. A separate ("special purpose") fund will not be established.

### 6. Availability of the Prospectus and other documents

So long as any of the Securities are outstanding copies of the following documents will be available,

during usual business hours on any weekday (Saturdays and public holidays excepted), at the registered offices of the Issuer:

- (a) a copy of the Articles of Association of UBS AG dated 4 May 2016;
- (b) a copy of the Registration Document of UBS AG dated 13 November 2019, as supplemented from time to time;
- (c) a copy of the Securities Note dated 12 February 2020, as supplemented from time to time; and
- (d) a copy of the Summary dated 12 February 2020, as supplemented from time to time.

Copies of the above documents shall, as long as any of the Securities are outstanding, also be maintained in printed format, for free distribution, at the registered offices of the Issuer. In addition, any annual and quarterly reports of UBS AG are published on the UBS website, at [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest) or any successor address notified by the Issuer to the Securityholders for this purpose by way of publication on [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest).

**7. Any interest, including potential conflicting ones, of natural and legal persons involved that is material to the issue/offer of the Securities**

The Issuer and affiliated companies may participate in transactions related to the Securities in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Securityholders and may have a positive or negative effect on the value of the Reference Portfolio Components comprised in the Reference Portfolio, and consequently on the value of the Securities. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Securities. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and investors, in relation to obligations regarding the calculation of the price of the Securities and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Securities, such as calculation agent, paying agent and administrative agent.

Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the Reference Portfolio; introduction of such competing products may affect the value of the Securities. The Issuer and its affiliated companies may receive non-public information relating to the Reference Portfolio, and neither the Issuer nor any of its affiliates undertakes to make this information available to Securityholders.

Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to the Authorised Offerors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities, from the Authorised Offerors. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Manager, upon request, will provide information on the amount of these fees.

Save for the Manager and the Reference Portfolio Advisor regarding its fees, as far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer.

## I. INDEX OF DEFINED TERMS

|   |                  |  |               |
|---|------------------|--|---------------|
| Account Reference Rate .....                | 63               | FATCA .....  | 30            |
| Account Relevant Screen Page .....          | 63               | Final Reference Portfolio Level.....               | 8, 48         |
| Account Spread.....                         | 63               | FINMA.....   | 2, 19, 39     |
| Adjustment Effective Date.....              | 72               | FISA .....   | 7, 39         |
| Adjustment Fee .....                        | 69               | FISA Depository.....                               | 7, 39, 51     |
| Affected Calculation Constituent.....       | 54               | Fixing Date.....                                   | 61            |
| Affected Constituent.....                   | 54               | Futures Constituent.....                           | 8, 38, 45, 60 |
| Affected Rebalancing Constituent.....       | 54               | Futures Investment Universe.....                   | 62            |
| Authorised Offeror.....                     | 10, 36, 73       | General Reference Portfolio Disruption Event ..... | 71            |
| Automatic Termination Amount.....           | 49               | Gross Leverage Threshold .....                     | 65            |
| Automatic Termination Date.....             | 40, 49           | Hedging Disruption .....                           | 54            |
| Automatic Termination Event.....            | 40, 50           | Hedging Disruption Event .....                     | 68            |
| BaFin .....                                 | 1, 5, 79         | IASB .....   | 6             |
| Benchmark .....                             | 22, 53           | IFRS.....  | 6             |
| Calculation Agent.....                      | 8                | Increased Cost of Hedging .....                    | 54            |
| Cash Position .....                         | 8, 38, 45, 61    | Initial Reference Portfolio Level ....             | 8, 45, 48, 61 |
| Change in Law .....                         | 53               | Insurance Distribution Directive .....             | 2, 74         |
| CHF .....                                   | 2                | Intermediated Securities .....                     | 8, 39         |
| Clearing System.....                        | 39               | Investment Restrictions .....                      | 65            |
| CO .....                                    | 39               | Investment Universes .....                         | 61            |
| Commodity Exchange Act.....                 | 2                | Investor .....                                     | 36            |
| Component Disruption Event .....            | 70               | Issue Date.....                                    | 8, 73         |
| Conditional Distribution .....              | 50, 64           | Issue Size .....                                   | 38            |
| Conditional Distribution Determination Date | 50, 64           | Issuer Extension Option.....                       | 8, 21, 40, 49 |
| Conditions .....                            | 42               | Issuer Extension Option Exercise Notice ....       | 49            |
| Constituents .....                          | 8, 38, 45, 60    | Issuer Fee .....                                   | 69            |
| Corrected Price .....                       | 72               | Issuer Termination Date .....                      | 40, 49        |
| Delta-One Securities .....                  | 29               | Level of the Reference Portfolio .....             | 41, 61        |
| Denomination Currency .....                 | 44               | Leverage Threshold.....                            | 65            |
| Disrupted Day .....                         | 55               | Long Leverage Threshold.....                       | 65            |
| EEA .....                                   | 2                | Manager.....                                       | 10, 35        |
| EEA Passport.....                           | 79               | Market Disruption Event .....                      | 55            |
| Eligible Constituents.....                  | 61               | Market Making .....                                | 26            |
| Eligible Equity Option Constituent.....     | 62               | MAS .....  | 75            |
| Eligible Stock Constituent .....            | 61               | Member State .....                                 | 2, 74         |
| Equity Option Constituent .....             | 8, 38, 45, 60    | MiFID II .....                                     | 2, 74         |
| Equity Option Investment Universe.....      | 62               | MSCI Methodology .....                             | 61            |
| EU Benchmarks Regulation .....              | 22, 53           | Notional Net Acquisition Value .....               | 69            |
| EUR.....                                    | 2, 8, 38, 45, 60 | Notional Net Disposal Value .....                  | 69            |
| Exercise Notice .....                       | 49               | offer of Securities to the public .....            | 75            |
| Expiration Date.....                        | 8, 40            | Offer Period.....                                  | 36            |
| Exposure .....                              | 65               | Original Underlying .....                          | 71            |
| Extraordinary Termination Amount .....      | 54               | PRIPs Regulation.....                              | 2             |
| Extraordinary Termination Date .....        | 53               | Prospectus .....                                   | 1, 79         |



|   |                  |   |               |
|---|------------------|---|---------------|
| Prospectus Regulation .....               | 1, 75            | Settlement Amount .....                             | 8, 48         |
| Public Offer .....                        | 36               | Settlement Cycle .....                              | 72            |
| Public Offer Jurisdiction .....           | 36               | SFA .....   | 75            |
| Rebalancing .....                         | 61               | Short Leverage Threshold .....                      | 65            |
| Rebalancing Notice .....                  | 67               | SIS .....   | 39, 43        |
| Redemption Amount .....                   | 8, 40, 48        | Spread .....  | 64            |
| Redemption Currency .....                 | 8, 38            | Stock Constituent.....                              | 8, 38, 45, 60 |
| Reference Exchange.....                   | 71               | Stock Investment Universe .....                     | 61            |
| Reference Portfolio .....                 | 1, 8, 38, 45, 60 | Stop Loss Event.....                                | 40, 50        |
| Reference Portfolio Adjustment Date.....  | 67               | Substitute Exchange .....                           | 71            |
| Reference Portfolio Advisor .....         | 8, 38, 45, 60    | Substitute Issuer .....                             | 23, 56        |
| Reference Portfolio Calculation Date..... | 40               | Successor Underlying .....                          | 71            |
| Reference Portfolio Components .          | 8, 38, 45, 61    | Summary.....  | 1, 79         |
| Reference Portfolio Fee .....             | 70               | Synthetic Currency Account Constituent              | 8, 38, 45, 60 |
| Reference Rate .....                      | 63               | Synthetic Currency Account Investment Universe..... | 63            |
| Reference Rate Component .....            | 64               | TARGET2 .....                                       | 43            |
| Registration Document.....                | 1, 79            | Taxes .....   | 52            |
| Regulation S.....                         | 2                | Termination Amount.....                             | 49            |
| Relevant Screen Page .....                | 64               | Termination Event.....                              | 53            |
| Section 871(m).....                       | 30, 77           | Terms and Conditions.....                           | 42            |
| Securities.....                           | 1, 5, 7, 19      | Terms and Conditions of the Public Offer.....       | 36            |
| Securities Act .....                      | 2, 73            | U.S. dollars .....                                  | 2             |
| Securities Note.....                      | 1, 79            | Uncertificated Securities .....                     | 7, 39         |
| Security Agents.....                      | 56               | Underlying.....                                     | 1, 8, 38, 45  |
| Security Right.....                       | 8, 40, 48        | VaR .....   | 65            |
| Securityholder .....                      | 51               | Weight.....   | 66            |
| Securityholder Non-Extension Option.....  | 49               |   |               |