

**IN SUBSCRIPTION**

# Julius Bär

## JB 100% BARRIER CAPITAL PROTECTION CERTIFICATES ON NIKKEI 225 INDEX

**Julius Baer Structured Products**  
February 2018



# INVESTMENT RATIONALE

## Why Japanese equities?

### JB RESEARCH UPDATE\*

- With the most synchronised growth upturn since 2010, the macro backdrop is still **supportive for equities** and should **result in double-digit earnings growth**.
- **Valuations continue to be in neutral territory** as equities have been mainly driven by earnings growth rather than valuation multiple expansion.
- We continue to like cyclical sectors like financials and information technology.
- We have a clear **preference for cyclical regions, mainly Japan** and the eurozone, due to a very attractive combination of superior growth and undemanding valuations.
- Japanese **economic momentum continues to surprise positively**, with inflation looking more constructive. However, the Bank of Japan's stimulus will remain in place in 2018.

### NIKKEI 225 INDEX



### JB PRODUCTS IN SUBSCRIPTION

- 3yr 100% Capital Protected Shark Note with 100% upside participation on the Nikkei 225 Index (see next slides)
- 18m 9.20% p.a. Autocallable MBRC (65%) on Japanese stocks (valor 39.403.527)

\*Research Focus December 6, 2017; Research Weekly, January 8, 2018; Baseline Scenario, January 18, 2018

# CAPITAL PROTECTION

## 100% Barrier Capital Protection Certificate on NKY\*

### INDICATIVE TERMS

<b>Issuer</b>	Bank Julius Baer & Co. Ltd, Guernsey
<b>Issuer's rating</b>	Moody's A2
<b>Underlying</b>	Nikkei 225 Index
<b>Currency</b>	qUSD
<b>Maturity</b>	3 years
<b>Capital protection</b>	100% (guaranteed by the issuer)
<b>Strike</b>	100%
<b>Upside participation</b>	100%, if KO barrier not touched
<b>KO (knock-out) barrier</b>	140% continuous
<b>Rebate</b>	12%, paid if KO barrier touched
<b>Valor</b>	<b>39.015.442</b>
<b>In subscription</b>	Until 08.02.2018, 17:00 CET



\*Terms are indicative and subject to change

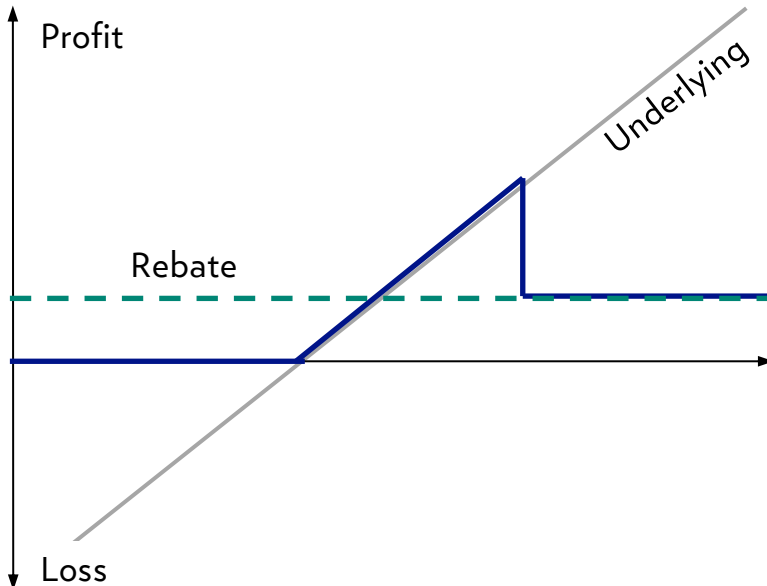
# CAPITAL PROTECTION

## Example: 100% Barrier Capital Protection Certificate on Nikkei 25 Index

### Product description

This Barrier Capital Protection Certificate is linked to the performance of the Nikkei 25 Index. The product offers a full participation to the performance of the Nikkei 25 Index up to the barrier level of 140%. If the underlying has never touched or exceeded the barrier level during the lifetime of the product, the investor will receive 100% of the nominal amount plus the positive performance of the underlying index, if any. If the barrier level has been touched or exceeded, the redemption amount will be the nominal amount plus a 12% rebate, paid at maturity.

### Payoff diagram at maturity



### Payoff at maturity (index initially fixed at 100%)

Index level at maturity	Product payout (if KO barrier not touched)	Product payout (if KO barrier touched)
80%	100%	112%
90%	100%	112%
100%	100%	112%
110%	110%	112%
130%	130%	112%
140%	140%	112%
150%	//	112%

# TAKE AWAYS

## 100% Barrier Capital Protection Certificate

### YOU EXPECT

- A cash or bond alternative with 100% capital protection
- A positive performance of the underlying
- That the underlying will not trade at or above the KO barrier

### WE OFFER

- A KO barrier of 140%
- A rebate of 12% on the Nikkei 225 Index in case of a barrier event
- 100% upside participation until the KO barrier
- A credit rating Moody's A2

### RISKS

- The investor surrenders dividends in favor of the strategy
- Low initial delta of 0.12
- The price can drop under 100% during the lifetime of the product
- Credit risk of the issuer

**Do you want to know more about structured products?**

**+41 58 888 8181**

[derivatives@juliusbaer.com](mailto:derivatives@juliusbaer.com)  
[derivatives.juliusbaer.com](http://derivatives.juliusbaer.com)



# IMPORTANT LEGAL INFORMATION (1/2)

## General

This publication constitutes **marketing material** and is not the result of independent financial research. Therefore the legal requirements regarding the independence of financial research do not apply.

The information and opinions expressed in this publication were produced by Bank Julius Baer & Co. Ltd., Zurich, as of the date of writing and are subject to change without notice. This publication is intended **for information purposes only and does not constitute an offer** or an invitation by, or on behalf of, Julius Baer to buy or sell any securities or related financial instruments or to participate in any particular trading strategy in any jurisdiction. Opinions and comments of the authors reflect their current views, but not necessarily of other Julius Baer entities or any other third party. Other Julius Baer entities may have issued, and may in the future issue, other publications that are inconsistent with, and reach different conclusions from, the information presented in this publication. Julius Baer assumes no obligation to ensure that such other publications are brought to the attention of any recipient of this publication.

## Suitability

Investments in the asset classes mentioned in this publication may not be suitable for all recipients and may not be available in all countries. **Clients of Julius Baer are kindly requested to get in touch with the local Julius Baer entity in order to be informed about the services and/or products available in such country.** This publication has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Before entering into any transaction, investors should consider the suitability of the transaction to individual circumstances and objectives. Any investment or trading or other decision should only be made by the client after a thorough reading of the relevant product term sheet, subscription agreement, information memorandum, prospectus or other offering document relating to the issue of the securities or other financial instruments. Where reference to a specific research report is made this publication should not be read in isolation without reference to this full research report which may be provided upon request.

Nothing in this publication constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to individual circumstances, or otherwise constitutes a personal recommendation to any specific investor. Any references to a particular tax

treatment depend on the individual circumstances of each investor and may be subject to change in the future. Julius Baer recommends that investors independently assess, with a professional advisor, the specific financial risks as well as legal, regulatory, credit, tax and accounting consequences.

## Information / forecasts referred to

Although the information and data herein are obtained from sources believed to be reliable, no representation is made that the information is accurate or complete. In particular, the information provided in this publication may not cover all material information on the financial instruments or issuers of such instruments. Bank Julius Baer & Co. Ltd., Zurich, its subsidiaries and affiliated companies do not accept liability for any loss arising from the use of this publication.

Important sources for the production of this publication are e.g. national and international media, information services (e.g. Reuters, Bloomberg Finance L.P.), publicly available databases, economic journals and newspapers (e.g. Financial Times, Wall Street Journal), publicly available company information, publications of rating agencies. Ratings and appraisals contained in this publication are clearly marked as such.

All information and data used for this publication relate to past or present circumstances and may change at any time without prior notice. Statements contained in this publication regarding financial instruments or issuers of financial instruments relate to the time of the production of this publication. Such statements are based on a multitude of factors which are subject to continuous change. A statement contained in this publication may, thus, become inaccurate without this being published. Potential risk regarding statements and expectations expressed in this publication may result from issuer specific and general (e.g. political, economic, market, etc.) developments.

## Risk

The price and value of, and income from investments in any asset class mentioned in this publication may fall as well as rise and **investors may not get back the amount invested.** Risks involved in any asset class mentioned in this publication may include but are not necessarily limited to market risks, credit risks, political risks and economic risks. The investor may be exposed to **currency risk**, because the product or underlyings of the product are denominated in other currencies

# IMPORTANT LEGAL INFORMATION (2/2)

than that of the country in which the investor is resident. The investment as well as its performance are therefore exposed to currency fluctuations and may increase or decrease in value. Particular risks in connection with specific investments featured in this publication are disclosed in the relevant product term sheet, subscription agreement, information memorandum, prospectus or other offering document relating to the issue of the securities or other financial instruments. These documents can be obtained free of charge upon request. Investments in emerging markets are speculative and may be considerably more volatile than investments in established markets. Clients should not be investing in the product unless they fully understand the feature and risks associated with it.

**Past performance is not a reliable indicator of future results. Performance forecasts are not a reliable indicator of future performance.**

Without prejudice to the generality of the foregoing, the following highlights certain aspects, risks and characteristics of some of the asset classes mentioned in this publication.

**Structured products** (e.g. baskets, certificates) are complex financial products and therefore involve a higher degree of risk. They are intended for investors who understand and are capable of assuming all risks involved. Structured products may therefore only be sold to experienced investors and require additional advice regarding the products specific risks. The value of the products is not only dependent on the development of the underlying, but also on the creditworthiness of the issuer, which may vary over the term of the product. In case of the issuer's insolvency or bankruptcy, the investor in the product may lose his entire investment. Before entering an investment all documents related to the issue of the described structured product have to be read. The full terms of the respective structured product may be obtained free of charge.

## Important Distribution Information

This publication and any market data contained therein **shall only be for the personal use of the intended recipient** and shall not be redistributed to any third party, unless Julius Baer or the source of the relevant market data gives their approval. This publication is not directed to any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) such publications are prohibited.

**Switzerland:** in Switzerland this publication has been distributed by Bank Julius Baer & Co. Ltd., Zurich, authorised and regulated by the Swiss Financial Market Supervisory Authority FINMA.

**United States:** NEITHER THIS PUBLICATION NOR ANY COPY THEREOF MAY BE SENT, TAKEN INTO OR DISTRIBUTED IN THE UNITED STATES OR TO ANY US PERSON.

This publication may contain information obtained from third parties, including ratings from rating agencies such as Standard & Poor's, Moody's, Fitch and other similar rating agencies. Reproduction and distribution of third-party content in any form is prohibited except with the prior written permission of the related third-party. Third-party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third-party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third-party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the market value of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

© Julius Baer Group, 2018