

03.11.2014

Key Information

SVSP Swiss Derivative Map® / EUSIPA Derivative Map® Miscellaneous Investment Products with Reference Entities (1499)

## 5 Year Credit Linked Note with principal and interest at risk of Macquarie Group Ltd (the "Products")

**Credit Linked Note – USD 3mL (floored at 1.60% p.a.)**

**This document is for information purposes only.**

The complete and legally binding terms and conditions of the Products are set forth in the base prospectus for the issuance of Fixed Income Products of Bank Julius Baer & Co. Ltd., dated 16 July 2014, as supplemented from time to time (the "Base Prospectus") and the relevant final terms prepared in relation to the Products (the "Final Terms"). The Base Prospectus and the Final Terms may be obtained free of charge from Bank Julius Baer & Co. Ltd., Bahnhofstrasse 36, 8001 Zurich, Switzerland.

**A Product does not constitute a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes ("CISA"). Therefore, it is not subject to authorisation by the Swiss Financial Market Supervisory Authority FINMA ("FINMA") and potential investors do not benefit from the specific investor protection provided under the CISA.**

This document is designated for distribution and use in Switzerland. Neither the Issuer nor any other person assumes any responsibility for the compliance of this document with any applicable law and regulations in any other jurisdiction than Switzerland.

### I. Product Description

If no Credit Redemption Event occurs on or prior to the Scheduled Maturity Date and if not early redeemed, the Credit-Linked Products will be redeemed at the Scheduled Redemption Amount being a cash amount equal to 100% of the Denomination.

The Products further provide for the payment of Interest Payment Amounts, but only for as long as no Credit Redemption Event occurs and subject to early redemption. Further, the Interest Payment Amounts are variable and depend on a Reference Rate (floored at 1.60% p.a.).

If a Credit Redemption Event occurs in respect of the Reference Entity on or prior to the Scheduled Maturity Date, (i) the Products will be early redeemed on the Credit Redemption Date at the Liquidation Amount being a cash amount which will generally be considerably less than the initial principal amount of such Product and may in certain circumstances be equal to zero, and (ii) such Product will cease to bear interest.

Thus, the basic structure of the Product is that the Issuer will only pay interest and redeem the Products at the Scheduled Redemption Amount, of no Credit Redemption Event with respect to the Reference Entity has occurred prior to or on the Scheduled Maturity Date. For this reason, potential investors in such Products should be prepared to sustain a total or partial loss of their investment therein.

**Terms**

<b>Issuer</b>	Bank Julius Baer & Co. Ltd., Guernsey Branch (Rating: Moody's A1)	<b>Issue Date/Payment Date</b>	07 November 2014, being the date on which the Products are issued and the Issue Price is paid
<b>Lead Manager</b>	Bank Julius Baer & Co. Ltd., Zurich, Switzerland	<b>Last Trading Date</b>	19 December 2019, being the last date on which the Products may be traded
<b>Swiss Security Number (Valor)</b>	24202155	<b>Scheduled Maturity Date</b>	20 December 2019, so long as no Credit Redemption Event has occurred on or prior to the Scheduled Maturity Date each Product will be redeemed on the date that is 5 Business Days after the Scheduled Maturity Date at the Scheduled Redemption Amount, unless previously redeemed, repurchased or cancelled
<b>ISIN</b>	CH0242021555		
<b>Issue Size</b>	USD 1,000,000 (may be increased/decreased at any time)		
<b>Issue Currency</b>	USD		
<b>Issue Price</b>	100% (per Product)		
<b>Denomination</b>	USD 1,000		
<b>Principal Amount</b>	The Denomination		
<b>Subscription Date</b>	31 October 2014		

**Reference Entity**

Macquarie Group Ltd

**Reference Obligation**

The obligation described below (subject to a substitution as set out in the definition of "Substitute Reference Obligation" below):

Primary Obligor	Macquarie Group Ltd	Coupon	6.25%
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Guarantor	Macquarie Group Ltd	Obligation Currency	USD
Rating <sup>1)</sup>	A3		
Maturity	14 Jan 2021	ISIN	US55608KAD72

<sup>1</sup> Moody's Rating refers to the Issue Date and can change during the lifetime of the Product.

### Substitute Reference Obligation

If the Reference Obligation is redeemed as scheduled upon its maturity the Calculation Agent may replace the Reference Obligation by of the one or more obligations of the Reference Entity (such obligation(s) being the "**Substitute Reference Obligation**" respectively the "**Substitute Reference Obligations**"), provided that (i) the Products have not been redeemed, repurchased or cancelled on or prior to such maturity date, (ii) no Credit Redemption Event has occurred prior to such maturity and (iii) the Substitute Reference Obligation(s) are chosen in accordance with the following procedures:

- a) In the event that the Reference Obligation is redeemed as scheduled upon its maturity, the Calculation Agent shall, in its discretion, identify one or more obligations to replace such Reference Obligation.
- b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an obligation that (i) ranks pari passu in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date), (ii) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent, in its discretion, of the Products as originally issued and (iii) is an obligation of the relevant Reference Entity. The Substitute Reference Obligation(s) identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- c) If more than one specific obligation is identified as a Reference Obligation and the event described under clause (a) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines, in its discretion, that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- d) If more than one specific obligation is identified as a Reference Obligation, the event described under clause (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines, in its discretion, that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- e) If (i) more than one specific obligation is identified as a Reference Obligation, the event described in clause (a) above has occurred with respect to all of the Reference Obligations and the Calculation Agent determines, in its discretion, that no Substitute Reference Obligation is available for any of the Reference Obligations, or (ii) only one specific obligation is identified as a Reference Obligation, the event described in clause (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines, in its discretion, that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the Scheduled Maturity Date.

### Redemption

<b>Scheduled Redemption</b>	Unless previously redeemed, repurchased or cancelled, and provided that no Credit Redemption Event has occurred on or prior to the Scheduled Maturity Date, the Issuer shall redeem each Product on the date that is 5 Business Days after the Scheduled Maturity Date by payment of a cash amount equal to the Scheduled Redemption Amount to the Holder thereof.
<b>Scheduled Redemption Amount</b>	100% of the Denomination.
<b>Redemption upon the occurrence of a Credit Redemption Event</b>	<p>Unless previously redeemed, repurchased or cancelled, upon the occurrence of a Credit Redemption Event on or prior to the Scheduled Maturity Date then</p> <p>(a) within five Business Days following the Credit Redemption Event Date, the Issuer shall notify the Holders of the occurrence of the Credit Redemption Event and the Liquidation Amount (the date of such notice, the "<b>Event Notice Date</b>"); and</p> <p>(b) the Issuer shall redeem each Product on the Credit Redemption Date by payment of a cash amount equal to the Liquidation Amount to the Holder thereof.</p> <p>The redemption will take place regardless of whether the Credit and Redemption Event continues to exist.</p>
<b>Liquidation Amount</b>	In case of the occurrence of a Credit and Redemption Event the Issuer is going to value in its sole discretion the product components based on actual market conditions and the Liquidation Amount will be equal to such value. Foreign currency conversions are being made at the current exchange rates determined by the Calculation Agent.
<b>Credit Redemption Event</b>	The determination by the Calculation Agent in his sole and absolute discretion that a Default Event or a Redemption Event has occurred.
<b>Default Event</b>	The occurrence of any event of default with respect to the Reference Obligation pursuant to the terms and conditions of such Reference Obligation, including but not limited to a failure to pay by, or the bankruptcy or insolvency of, the Reference Entity, or a restructuring of the Reference Obligation.
<b>Redemption Event</b>	The redemption of the Reference Obligation in whole or in part upon the exercise by the Reference Entity of any option or other right to redeem, repay or repurchase the Reference Obligation, or the occurrence of any other event (other than a Default Event) that, in the opinion of the Calculation Agent, may have a material effect on the Reference Obligation.
<b>Settlement Type</b>	Cash settlement
<b>Credit Redemption Event Date</b>	With respect to any Credit Redemption Event, the date on which such Credit Redemption Event occurred.
<b>Credit Redemption Date</b>	The date that is five Business Days following the Event Notice Date.
<b>Coupon</b>	
<b>Interest</b>	The Issuer shall pay the relevant Interest Payment Amount per Product on each Interest Payment Date to the Holder thereof, <i>provided</i> that (i) the Products have not been redeemed, repurchased or cancelled on or prior to such Interest Payment Date and (ii) no Credit Redemption Event has occurred prior to such Interest Payment Date.
<b>Interest Payment Amount</b>	With respect to any Interest Payment Date, a cash amount equal to the product of (i) the Principal Amount, (ii) the Day Count Fraction with respect to the relevant Interest Period and (iii) the relevant Interest Rate.
<b>Interest Commencement Date</b>	The Issue Date.
<b>Interest Period</b>	(i) with respect to the first Interest Payment Date, the period from and including the Interest Commencement Date to and excluding such Interest Payment Date, and (ii) with respect to any

	other Interest Payment Date, the period from and including the immediately preceding Interest Payment Date to and excluding such Interest Payment Date.
<b>Interest Payment Dates</b>	20 March, 20 June, 20 September and 20 December each year, the first Interest Payment Date being 20 December 2014 and the last Interest Payment Date being 20 December 2019, being the dates on which the Issuer shall pay the relevant Interest Payment Amount per Product to the Holders.
<b>Interest Rate</b>	with respect to any Interest Payment Date, a rate per annum equal to the greater of (i) the Minimum Interest Rate and (ii) the Reference Rate on the relevant Interest Determination Date.
<b>Reference Rate</b>	3 month USD LIBOR, <i>i.e.</i> , the London interbank offered rate for deposits in USD with a 3-month maturity, which, with respect to any Interest Determination Date, shall be determined in accordance with the Final Terms.
<b>Minimum Interest Rate (Coupon Floor)</b>	1.60% p.a.
	Rate Source Bloomberg: US0003M INDEX
	Security Codes Swiss Sec. No.: 0.275.639
<b>Interest Determination Date</b>	with respect to any Interest Payment Date, the 2 Reference Rate Business Day prior to first calendar day of the relevant Interest Period.
<b>Day Count Fraction</b>	Act/360, <i>i.e.</i> , the number of days in the [relevant] Interest Period divided by 360
<b>Business Day Convention</b>	if any Interest Payment Date would fall on a day that is not a Business Day, then for all purposes (including the calculation of any interest amount payable under the Products), such Interest Payment Date shall be postponed to the next day that is a Business Day.

**Swiss Taxation**

<b>Stamp Duty</b>	No stamp duty upon issuance. Federal turnover tax is due on secondary market transactions in case the Product's term does exceed one year.
<b>Withholding tax</b>	No Swiss Federal withholding tax.
<b>Income tax</b>	For private investors (individuals) with tax residence in Switzerland Coupon payments are subject to income tax.
<b>EU Savings tax</b>	For Swiss paying agents, Coupon payments are subject to the EU Savings tax. (TK 11).

The aforementioned tax description is based on the relevant tax laws and regulations of the tax authorities valid at the time of launch of this issue. These laws and regulations may change at any time, possibly with retroactive effect. Furthermore the tax treatment may depend on the personal situation of the investor and may be subject to change in the future. This information is not purported to be a complete description of all potential tax effects. Potential investors are advised to consult their tax advisors to determine the special tax consequences of the purchase, ownership or disposition of the Product.

**Details**

<b>Risk Category</b>	Complex Product
<b>Product Category</b>	Investment Products with Reference Entities
<b>Product Type</b>	Miscellaneous Investment Products with Reference Entities
<b>SSPA Code</b>	1499

<b>Calculation Agent</b>	Bank Julius Baer & Co. Ltd, Bahnhofstrasse 36, 8010 Zurich, Switzerland, and any agents or other persons acting on behalf of such Calculation Agent and any successor appointed by the Issuer.
<b>Paying Agent</b>	Bank Julius Baer & Co. Ltd., Bahnhofstrasse 36, 8010 Zurich, Switzerland, and any agents or other persons acting on behalf of such Paying Agent and any successor appointed by the Issuer.
<b>Listing and Admission to Trading</b>	None
<b>Trading Platform</b>	n.a.
<b>Minimum Trading Lot/Minimum Subscription Amount</b>	USD 150,000
<b>Trading/Secondary Market</b>	The Products will be placed directly in the secondary market on market terms. Under normal market conditions, Bank Julius Baer & Co. Ltd., Zurich will endeavour to provide a secondary market, but is under no legal obligation to do so.
<b>Quotation</b>	The Products are traded in percentage of the Denomination at a clean price, i.e., the trading price does not contain accrued interest or premium, which is calculated separately, and are booked accordingly.
<b>Clearing System</b>	SIX SIS
<b>Form of Products</b>	Uncertificated Securities
<b>Governing Law / Jurisdiction</b>	Swiss Law / Zurich 1, Switzerland

## II. Profit and Loss Prospects

The potential return on the Product is limited to the aggregate of the Interest Amounts scheduled to be paid under the Product, if any. This means that the return on the Product is capped.

The potential loss associated with an investment in the Product is linked to the creditworthiness of the Reference Entity, which means that the amount and time of principal to be [re]paid depends on whether a Credit Redemption Event with respect to the Reference Entity has occurred on or prior to scheduled maturity.

In case of a Credit Redemption Event the Products will be redeemed at a cash amount which will generally be considerably less than the initial principal amount of such Product and may in certain circumstances be equal to zero and investors should be prepared to sustain a partial or total loss of their investment.

If the Products are early redeemed, due to a Credit Redemption Event or otherwise, no further Interest Amounts will be paid. In the worst case scenario a Credit Event Determination Date occurs prior to the first Interest Payment Date, which means that no interest payments will be made at all.

### III. Significant Risks for Investors

The following risk disclosure cannot disclose all the risks associated with an investment in the Products. Therefore, potential investors in Products should consult the Base Prospectus and the Final Terms and their client advisor as to the product specific risks before making an investment decision.

#### 1. Issuer Risk

Investors bear the credit risk of the Issuer. The Products' retention of value is dependent not only on the development of the value of the Reference Obligation, but also on the creditworthiness of the Issuer and the Reference Entity, which may change over the term of the Product. The credit rating of the Issuer is not a guarantee of credit quality. In case of the Issuer's insolvency or bankruptcy the investors in the Products may lose their entire investment.

The Products are direct, unconditional, unsecured and unsubordinated obligations of the Issuer. If the Issuer were to become insolvent, claims of investors in Products will rank equally in right of payment with all other unsecured and unsubordinated obligations of the Issuer, except such obligations given priority by law. In such a case, investors in Products may suffer a loss of all or a portion of their investment therein, irrespective of any favourable development of the other value determining factors, such as the performance of the Reference Obligation.

An investment in Products will not be covered by any compensation or insurance scheme (such as a bank deposit protection scheme) of any government agency of Switzerland or any other jurisdiction and Products do not have the benefit of any government guarantee. Products are the obligations of the Issuer only and holders of Products must look solely to the Issuer for the performance of the Issuer's obligations under such Products. In the event of the insolvency of the Issuer, an investor in Products may lose all or some of its investment therein.

Bank Julius Baer & Co. Ltd. is a bank pursuant to the Federal Banking Act (BA; SR 952.0) and a securities dealer pursuant to the Federal Act on Stock Exchanges and Complex Products

Trading (SESTA; SR 954.1) subject to the prudential supervision by the Swiss Financial Market Supervisory Authority FINMA in Berne (Laupenstrasse 27, CH-3003 Berne; <http://www.finma.ch>).

The Issuer, Bank Julius Baer & Co. Ltd., Guernsey Branch (a branch of Bank Julius Baer & Co. Ltd., Zurich founded in Switzerland and under the supervision of the Swiss Financial Market Supervisory Authority FINMA), is licensed in Guernsey under the Banking Supervision (Bailiwick of Guernsey) Law 1994 and The Protection of Investors (Bailiwick of Guernsey) Law 1987. Neither the Guernsey Financial Services Commission (P.O. Box 128, Glatigny Court, Glatigny Esplanade, St. Peter Port, Guernsey, Channel Islands, GY1 3HQ) nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the Issue or for the correctness of any of the statements made or opinions expressed with regard to it.

#### 2. Product Risks

An investment in Products entails certain risks, which vary depending on the specific type and structure of the relevant Products and the relevant Reference Entity and Reference Obligation.

An investment in Products requires a thorough understanding of the nature of Products. Potential investors in Products should be experienced with respect to an investment in complex financial instruments and be aware of the related risks. A potential investor in Products should determine the suitability of such an investment in light of such investor's particular circumstances. In particular, a potential investor in Products should:

- have sufficient knowledge and experience to make a meaningful evaluation of Products, the merits and risks of investing in Products and the information contained in the Base Prospectus and the applicable Terms and Conditions;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of such investor's particular financial situation, an investment in Products and the impact the relevant Products will have on such investor's overall investment portfolio;



- have sufficient financial resources to bear all the risks of an investment in the relevant Products;
- understand thoroughly the Terms and Conditions applicable to the relevant Products and be familiar with the behaviour of the relevant Reference Entity / Reference Obligation and financial markets;
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect such investor's investment and ability to bear the applicable risks of an investment in Products until their redemption; and
- recognise that it may not be possible to dispose of Products for a substantial period of time, if at all, before their redemption.

The trading market for securities, such as Products, may be volatile and may be adversely impacted by many events.

Products are complex financial instruments. Investors generally purchase complex financial instruments as a way to enhance yield with an understood, measured, appropriate addition of risk to their overall investment portfolios. A potential investor should not invest in Products unless such investor has the expertise (either alone or with the help of a financial adviser) to evaluate how the relevant Products will perform under changing conditions, the resulting effects on the market value of the relevant Products and the impact such an investment will have on such investor's overall investment portfolio.

#### **Risk of total loss**

Products involve a high degree of risk, and prospective investors in the Products should recognise that, under certain circumstances, Products may have a redemption value of zero and any Interest Payment Amounts scheduled to be paid thereunder may not be paid. Prospective investors should therefore be prepared to sustain a partial or total loss of the amount of their investment therein.

#### **Capped Profit Potential**

Investors in Products should be aware that the profit potential in relation thereto is capped. Therefore, an investment in Products may lead to a lower return than a direct investment in the Reference Entity or Reference Obligation.

#### **Unpredictable Market Value for Products**

During the term of a Product, the market value of, and the expected return on, such Product may be influenced by many factors, some or all of which may be unpredictable. Many economic and market factors will influence the market value of a Product. The Issuer expects that, generally, the creditworthiness of the Reference Entity on any day will affect the market value of such Product more than any other single factor. However, a potential investor should not expect the market value of a Product in the secondary market to vary in proportion to changes in the value of the Reference Entity. The return on a Product (if any) may bear little relation to, and may be much less than, the return that the investor therein might have achieved if such investor had invested directly in, or securities issued by, the Reference Entity.

The market value of, and return (if any) on, a Product will be affected by a number of other factors, which may be unpredictable or beyond the Issuer's control, and which may offset or magnify each other, including, without limitation:

- supply and demand for such Product, including inventory positions of any other market maker;
- the expected frequency and magnitude of changes in the market value of the Reference Entity (volatility);
- economic, financial, political or regulatory events or judicial decisions that affect the Issuer, the Reference Entity or the financial markets generally;
- interest and yield rates in the market generally;
- the time remaining until the Scheduled Maturity Date;
- the Issuer's creditworthiness, including actual or anticipated downgrades in the Issuer's credit ratings; and

Some or all of these factors may influence the price of a Product. The impact of any of the factors set forth above may enhance or offset some or all of any change resulting from another factor or factors.

In addition, certain built-in costs are likely to adversely affect the market value of Products. The price at which the Issuer will be willing to purchase Products from a holder in secondary market transactions, if at all, will likely be lower than the original Issue Price.

#### **Exchange Rate Risk**

The Reference Obligation may be denominated in a currency other than that of the Issue Currency or, if applicable, the Settlement Currency for such Product, or the Reference Obligation.

gation may be denominated in a currency other than, or the Issue Currency or, if applicable, the Settlement Currency may not be, the currency of the home jurisdiction of the investor in such Product. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets, which are in particular influenced by macro economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Therefore, fluctuations in exchange rates may adversely affect the market value of a Product or the value of the Reference Obligation.

### **Secondary Market**

Products may have no established trading market when issued and one may never develop. If a market does not develop, it may not be liquid. Therefore, investors may not be able to sell their Products easily or at prices reasonably acceptable by them.

Under normal market circumstances, the Issuer will endeavour to provide a secondary market for Products, but is under no legal obligation to do so. Upon investor demand, the Issuer will endeavour to provide bid/offer prices for products, depending on actual market conditions. There will be a price difference between bid and offer prices (spread).

### **Early Redemption**

The investors must be aware of a possible early redemption of the Product.

Upon the occurrence of an extraordinary event, the Calculation Agent and the Issuer, acting together, have the right to, among other things, early redeem the relevant Products.

If such early redemption right is exercised, investors should be aware that the early redemption price may be considerably lower than the Issue Price (or, if different, the price the relevant investor paid for such Product) and/or the Scheduled Redemption Amount that would otherwise have been paid on the day that is 5 Business Days after the Scheduled Maturity Date.

### **Further product specific risks**

Investors should be aware that an investment in these Products generally results in a loss if a Credit Redemption Event

occurs. Consequently, the potential loss associated with the investment in such Products is linked to the creditworthiness of the Reference Entity.

Investors in Products should be aware that if a Credit Redemption Event occurs, (i) they may receive no or a limited amount of interest on such Products, (ii) the payment of the redemption amount or interest may occur at a different time than expected and (iii) the redemption amount may be considerably less than the initial principal amount of the Products, even as low as zero, and they may lose all or a substantial portion of their investment. As the Products are not capital protected it is not possible to predict the return on a Product at the time of issuance.

Potential investors should note that the Products differ from ordinary debt securities since the amount of principal and interest payable by the Issuer thereunder depends on whether a Credit Redemption Event with respect to the Reference Entity has occurred on or prior to the Scheduled Maturity Date.

The amount to be paid in case of a Credit Redemption Event (Liquidation Amount) will be determined based on the value of the product components as determined by the Issuer in its sole discretion based on actual market conditions, and may be as low as zero. The Issuer will exercise its discretion when determining the value of the product components without taking into account the particular interest of the investors and the value of the product components may be influenced by many factors. In a worst-case scenario the value may be zero.

A Credit Redemption Event shall be deemed to have occurred if the Calculation Agent determines in its discretion that a Default Event or Redemption Event has occurred with respect to the Reference Obligation. Potential investors in the Products should be aware that a Credit Redemption Event may occur even if there has not been any default in respect of the repayment of the Reference Obligation.

The likelihood of the occurrence of a Credit Redemption Event will generally fluctuate with, among other things, the financial condition and other characteristics of the Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any par-

ticular industry and changes in prevailing interest rates. Potential investors should perform a thorough review of the Reference Entity and conduct their own investigation and analysis with respect to the creditworthiness of, and the likelihood of the occurrence of a Credit Redemption Event with respect to, the Reference Entity. Actions of the Reference Entity (for example, merger or demerger or the repayment or transfer of indebtedness) may adversely affect the value of the Products. Potential investors in such Products should be aware that the Reference Entity to which such Products are linked, and the terms of such linkage, may change over the term of such Products.

A redemption of the Reference Obligation as scheduled upon its maturity may lead to the replacement of the Reference Obligation by a Substitute Reference Obligation/Obligations. Such replacement may adversely affect the redemption amount payable to potential investors should a Credit Redemption Event occur and/or the value of the Products.

An investment in Products is not comparable to a direct investment in the Reference Entity or in a debt obligation issued by the Reference Entity (including the Reference Obligation). Changes in the value of the Reference Entity or the Reference Obligation may not necessarily lead to a comparable change in the market value of the Products. As a result, the performance of such Products may differ significantly from a direct investment in the Reference Entity or in debt obligations issued by the Reference Entity.

The amount of interest paid under the Product is based on a floating rate and cannot be anticipated prior to the relevant date on which such amounts are calculated. Due to varying interest rates investors are not able to determine a definite yield at the time they purchase the Product. Investors in the Products are exposed to reinvestment risk if market interest rates decline.

Further, the Products represent an investment linked to a Reference Rate and any interest amount payable hereunder is generally dependent on the performance of the Reference Rate. Reference Rates are mainly dependent upon the supply and demand for credit in the money market, i.e. the rates of interest paid on investments determined by the interaction of supply and demand for funds in the money market. The supply

and demand in the money market on the other hand is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments and political factors, or upon other factors, depending on the specific type of the Reference Rate. Such factors affecting the performance of the Reference Rate may adversely affect the market value of, and return (if any) on, the Products.

Depending upon the development of the Reference Rate, it is possible that the applicable interest rate for one or more interest periods during the term of the Product may be equal to zero, or, even if the interest rate is above zero, it may be substantially lower than the interest rate that would be applicable to conventional debt securities of the Issuer with a comparable term.

#### **Further Information**

For further details on the Product related risks please consult the risk disclosure brochure "Special Risks in Complex Products Trading" (Edition 2008) which is available on the Swiss Bankers Association's website: [www.swissbanking.org/en/home/shop.htm](http://www.swissbanking.org/en/home/shop.htm) or may be obtained from your client advisor upon request.

## IV. Important Additional Information

**If the Product is not listed on SIX Swiss Exchange, this document constitutes the simplified prospectus for the Products pursuant to Article 5 of the Swiss Federal Act on Collective Investment Schemes ("CISA") and is of summary nature with a view to include the information required by Article 5 CISA and the Guidelines of the Swiss Bankers Association in Relation to the Information for Investors in Structured Products. The simplified prospectus may be obtained free of charge from Bank Julius Baer & Co. Ltd., Bahnhofstrasse 36, 8001 Zurich, Switzerland.**

This document does not constitute an offer or invitation to enter into any type of financial transaction and the Issuer has no obligation to issue the Products. This document is not the result of a financial analysis and therefore, is not subject to the "Directives on the Independence of Financial Research" from the Swiss Bankers Association. The content of this document does therefore not fulfil the legal requirements for the independence of financial analyses and there is no restriction on trading in this regard.

**Conflicts of Interest:** The Issuer and affiliated companies may from time to time enter into transactions for their own account or for the account of a client that are related to the Products. These transactions may not be for the benefit of the investor and may have positive or negative effects on the value of the Reference Obligation and thus on the value of the Products. Companies affiliated to the Issuer may also become counterparties in hedging transactions. Accordingly, conflicts of interest may therefore arise with regard to obligations relating to the ascertainment of the values of the Products and other related determinations both among affiliated companies of the Issuer and between these companies and the investors. In addition, the Issuer and affiliated companies may exercise a different function, if applicable, in relation to the products, for example as calculation agent, paying agent or administrative office.

**Distribution Compensation/Distribution Allowances from and to Third Parties:** In connection with the Products, the Issuer and/or its affiliates may pay to third parties or to each other, or receive from third parties one-time or recurring remunerations (e.g. placement or

holding fees). Such remunerations to affiliates or third parties, if any, are included in the Issue Price. Investors may request further information from Bank Julius Baer & Co. Ltd. By receiving such payments in connection with the Products, the interest of the Issuer or such affiliate may be adverse to the interest of the investor in the Products.

**Amendments to the Product Conditions:** Information regarding unforeseen changes to the conditions of the Product which may arise during the lifetime of the Products are not subject to this document but may be obtained from your client advisor upon request and will be published on: <http://derivatives.juliusbaer.com>; corporate actions. This document will not be amended throughout the term of the Products.

**Selling Restrictions:** The Products may not be offered in any jurisdiction in circumstances that would result in the Issuer being obliged to register any further prospectus relating to the Products in that jurisdiction. Potential purchasers of the Products are advised to read the detailed selling restrictions in the Base Prospectus and the Final Terms. Potential purchasers of the Products should seek specific advice before purchasing or selling-on a Product. Particular attention should be paid to the selling restrictions set out in the Base Prospectus and the Final Terms with respect to the following jurisdictions: European Economic Area (EEA), United States of America, United Kingdom, Guernsey, Italy, Hong Kong, Singapore, Dubai International Financial Centre, Uruguay, United Arab Emirates, Panama. These restrictions must not be taken as conclusive guidance as to whether the Products can be sold in a jurisdiction.

### Contact address

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