

Key Information – 9 October 2017

SSPA Swiss Derivative Map©/ EUSIPA Derivative Map© Miscellaneous Leverage Products (2099)

## Long Leverage Certificate on the Actively Managed Certificate on a Brazilian Fixed Income Portfolio (3)

(the "Products")

### Leverage Certificate – Cash Settlement – USD

**This document is for information purposes only and until the Initial Fixing Date the terms are indicative and may be amended. This document is only available in English.**

The complete and legally binding terms and conditions of the Long Leverage Certificate on Actively Managed Certificate on a Brazilian Fixed Income Portfolio are set forth in the base prospectus for the issuance of Leverage Products of Bank Julius Baer & Co. Ltd. (the "Bank"), dated 19 June 2017, as supplemented from time to time (the "Base Prospectus") and the relevant final terms prepared in relation to the Products (the "Final Terms") (together, the "Programme Documentation"). The Programme Documentation may be obtained free of charge from Bank Julius Baer & Co. Ltd., Bahnhofstrasse 36, 8001 Zurich, Switzerland.

THIS IS AN UNLISTED STRUCTURED INVESTMENT PRODUCT AND NOT PROTECTED UNDER ANY DEPOSIT PROTECTION SCHEME OR ELIGIBLE FOR ANY DEPOSIT INSURANCE COVERAGE.

WARNING:

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.

THE PRODUCTS ARE NOT EQUIVALENT TO BANK DEPOSITS AND ARE NOT PROTECTED UNDER ANY DEPOSIT PROTECTION SCHEME OR ELIGIBLE FOR ANY DEPOSIT INSURANCE COVERAGE. THE PRODUCTS DO NOT GUARANTEE THE RETURN OF THE PRINCIPAL AMOUNT INVESTED AT MATURITY. IN THE WORST CASE, YOU MAY LOSE THE ENTIRE AMOUNT INVESTED.

THE CONTENTS OF THIS DOCUMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN ANY JURISDICTION. YOU ARE ADVISED TO EXERCISE CAUTION BEFORE INVESTING IN THIS PRODUCT. YOU SHOULD NOT INVEST IN THIS PRODUCT BASED ON THIS DOCUMENT ALONE. IF YOU ARE IN DOUBT ABOUT ANY OF THE CONTENTS OF THIS DOCUMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

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

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

The Products are leveraged products and allow the Holder thereof to disproportionately benefit, due to leverage, from a positive performance of the Underlying, but they also reflect the development of the Underlying disproportionately if its performance is negative.

Any changes in the value of the Underlying will have a disproportionate effect on the value of the Products, which is the leverage effect. The leverage may vary during the term of the Products and is dependent on the performance of the Underlying.

Furthermore, the occurrence of a Stop Loss Event will trigger the early redemption of the Products. A Stop Loss Event occurs if the relevant level at a specific time is at or below the Stop Loss Level. In such case, the Issuer will redeem each Product on the Stop Loss Redemption Date at the Stop Loss Redemption Amount, which amount is dependent upon the liquidation value after the occurrence of the Stop Loss Event, as determined by the Calculation Agent. The Stop Loss Redemption Amount has a value greater than or equal to zero.

The Underlying is a static, notional tracker certificate, which underlying is an actively managed, notional basket of securities only used for referential purposes to determine the strategy value of the tracker certificate. These Products are aimed at investors who expect a positive performance of the Underlying. It should be noted that the Underlying is linked to a “notional” portfolio and there is no actual portfolio of assets to which any person is entitled or in which any person has an ownership interest. Investors in the Products should accordingly be aware that given the nature of this Product, the Underlying (or any hedges or investments made in connection therewith (“Hedge”)) cannot and will not in any way be held by the Issuer for the benefit of the investors of the Products. For the avoidance of any doubt, the investors of the Products will not obtain any right, title, interest or benefit whatsoever to the Underlying (or its Hedge) and will not have any voting or other rights (including in any (notional) assets included in the Underlying (or its Hedge)). The Issuer is not obligated to buy, hold, manage or sell the Underlying or any securities referenced thereunder or to have any right, title, interest or benefit in relation to any of the foregoing. However, the Issuer may, at its sole discretion, buy, sell and/or hold assets, which may or may not be identical to the Underlying, for itself solely for hedging its risks in relation to the Products.

**Terms**

<b>Issuer</b>	Bank Julius Baer & Co. Ltd., Guernsey (Rating: Moody's A2) (Prudential Supervision: by the Swiss Financial Market Supervisory Authority FINMA)
<b>Lead Manager</b>	Bank Julius Baer & Co. Ltd., Zurich
<b>Swiss Security Number (Valor)</b>	37905513
<b>ISIN</b>	CH0379055137
<b>Issue Size</b>	Up to 2,000 Products (USD 20,000,000.00 - may be increased/decreased at any time)
<b>Issue Currency</b>	USD
<b>Settlement Currency</b>	USD
<b>Issue Price</b>	USD 10'000.00 (per Product; including the Distribution Fee)
<b>Denomination</b>	USD 10'000.00
<b>Subscription Period</b>	<b>06 September 2017 – 06 October 2017</b> , 2pm CET
<b>Initial Fixing Date</b>	<b>06 October 2017</b> , being the date on which the Initial Level and the Stop Loss Level are fixed.
<b>Issue Date/Payment Date</b>	<b>13 October 2017</b> , being the date on which the Products are issued and the Issue Price is paid.
<b>Final Fixing Date</b>	<b>10 June 2021</b> , being the day on which the Final Level will be fixed.
<b>Final Redemption Date</b>	The earlier of (x) the date that is five Business Days after the Final Fixing Date; or (y) the date that is five Business Days after the Call Date on which the Issuer has exercised its Issuer Call Option; or (z) the date that is five Business Days after the Put Date on which the Holder has exercised its Holder Put Option, being the date on which each Product will be redeemed at the Final Redemption Amount, unless previously redeemed, repurchased or cancelled.

**Underlying**

<b>Underlying</b>	Actively Managed Certificate on a Brazilian Fixed Income Portfolio
<b>Initial Level</b>	10,700 USD
<b>Currency</b>	USD
<b>Issuer of the Underlying</b>	Bank Julius Baer & Co. Ltd, Guernsey

**Issuer Call Option**

Unless previously redeemed, repurchased or cancelled and so long as no Stop Loss Event has occurred, on any Call Date the Issuer may exercise its right to redeem the Products, subject to a one-month notice on the last trading day of the month, in whole but not in part, on the applicable Final Redemption Date at the Final Redemption Amount per Product by notifying the Holders of such exercise on or prior to such Call Date; provided, however, that any outstanding Products that are subject to a Holder Put Option exercised prior to such Call Date shall be excluded.

**Holder Put Option**

Unless previously redeemed, repurchased or cancelled and so long as no Stop Loss Event has occurred, on any Put Date the Holder of any Product may exercise, subject to a one-month notice on the last trading day of the month, its right to require the Issuer to redeem such Product on the applicable Final Redemption Date at the Final Redemption Amount by delivering an Exercise Notice to the Paying Agent on or prior to such Put Date.

**Call Date(s)**

Any Business Day on or after the Issue Date, subject to a one-month notice on the last trading day of the month, being the dates on which the Issuer may exercise its right to redeem each Product on the applicable Final Redemption Date at the Final Redemption Amount.

**Put Date(s)**

Any Business Day on or after the Issue Date and prior to the Call Date on which the Issuer exercises the Issuer Call Option, subject to a one-month notice on the last trading day of the month, being the dates on which any Holder may exercise its right to require the Issuer to redeem any Product held by such Holder on the applicable Final Redemption Date at the Final Redemption Amount.

**Exercise Notice**

With respect to any Product(s), a notice in a form satisfactory to the Paying Agent exercising the Holder Put Option with respect to such Product(s).

<b>ISIN</b>	CH0325192844
<b>Valor</b>	32519284
<b>SVSP Product Type of the Underlying</b>	Tracker Certificate (1300)

The Product Documentation for the Actively Managed Certificate on a Brazilian Fixed Income Portfolio shall be read in conjunction with this document. Investors should ensure that they have read and understood the Product Documentation for this Product and the Actively Managed

Certificate on a Brazilian Fixed Income Portfolio. For further details and information about the Underlying see Key Information for the Actively Managed Certificate on a Brazilian Fixed Income Portfolio attached hereto as Annex 1.

The effect of any fee charged on the Actively Managed Certificate on a Brazilian Fixed Income Portfolio on the performance of this Product is magnified in this Product by the built-in leverage of this Product.

## Redemption

**Final Redemption** Unless previously redeemed, repurchased or cancelled and so long as no Stop Loss Event has occurred, the Issuer will redeem each Product on the Final Redemption Date by payment of a cash amount equal to the Final Redemption Amount to the Holder thereof. Conversely, unless previously redeemed, repurchased or cancelled and so long as no Stop Loss Event has occurred, the Holder of any Product may exercise its right to require the Issuer to redeem such Product on the applicable Final Redemption Date at the Final Redemption Amount.

For the avoidance of doubt, there is no and will not be any pooling of contributions from holders of the Product and notional profits, income, payments or returns of the Underlying for the benefit of all holders of the Product. Payments under a Product will essentially be in the nature of a debt due from the Issuer to the redeeming holder of a Product separate and distinct from payments under any other Product.

**Final Redemption Amount** A cash amount equal to the sum of (a) the product of (x) the ratio of the Final Level and the Reference Level, (y) the Denomination and (z) the Leverage Multiplier, and (b) the Final Short Cash Position, calculated by the Calculation Agent in accordance with the following formula:

$$\left( \frac{\text{Final Level}}{\text{Reference Level}} * \text{Leverage Multiplier} * \text{Denomination} \right) + \text{Final Short Cash Position}$$

**Certificate Value<sub>t</sub>** During the lifetime of the Product, the Certificate Value is a cash amount equal to the sum of (a) the product of (x) the ratio of the Level on date *t* and the Reference Level on date *t*, (y) the Denomination and (z) the Leverage Multiplier, and (b) the Short Cash Position on date *t*, calculated by the Calculation Agent in accordance with the following formula:

$$\left( \frac{\text{Level}_t}{\text{Reference Level}_t} * \text{Leverage Multiplier} * \text{Denomination} \right) + \text{Short Cash Position}_t$$

**Settlement Type** Cash settlement

**Reinvestment of the Coupons** The Calculation Agent will, at its sole discretion, reinvest the semiannual coupons received from the Underlying. Any residual amount is used to reduce the Short Cash Position.

**Reference Level** The Reference Level equals the weighted average buying price of the Underlying at inception and the subsequent Reinvestments of the Coupons.

**Final Level** The value of the Underlying on the Final Fixing Date, as determined by the Calculation Agent on the basis of the redemption formula of the Underlying, as per the Final Fixing Date, as defined in section "Final Redemption Amount" of the Key Information for the Actively Managed Certificate on a Brazilian Fixed Income Portfolio attached hereto as Annex 1, less of any Costs.

**Costs** Any fee or transaction cost charged to the underlying, as defined in the Key Information for the Actively Managed Certificate on a Brazilian Fixed Income Portfolio attached hereto as Annex 1.

**Level<sub>t</sub>** The value of the Underlying on any trading day as determined by the Calculation Agent on the basis of the redemption formula of the Underlying, as defined in section "Final Redemption Amount" of the Key Information for the Actively Managed Certificate on a Brazilian Fixed Income Portfolio attached hereto as Annex 1.

**Leverage Multiplier** 2

**Initial Short Cash Position** A negative amount being equal to USD -10'000

**Short Cash Position** On any day, a negative amount being equal to the Initial Short Cash Position minus Accrued Interest and minus accrued Administration and Distribution Fee paid, plus any accrued residual amount from Reinvestments of the Coupons, as determined by the Calculation Agent.

**Final Short Cash Position** The Short Cash Position on the Final Fixing Date

<b>Accrued Interest</b>	Accrued interest using the Refinancing Rate
<b>Refinancing Rate</b>	1month USD LIBOR + 1.00%, monthly reset and rolling (LIBOR floored at 0%)
<b>Administration Fee</b>	0.20% pa of the Certificate Value
<b>Distribution Fee</b>	Up to 0.20% p.a. of the Issue Price (incl. VAT, if any), calculated on the basis of a hypothetical term of 3.75 years (amortized during the first 24 months after the Initial Fixing Date); The Distribution Fee will be allocated / paid to the internal and/or external Distributor. For further details please see under section IV "Distribution Compensation/Distribution Allowances from and to Third Parties".
<b>Early Redemption Fee</b>	0%

**Stop Loss Redemption**

<b>Stop Loss Redemption</b>	Unless previously redeemed, repurchased or cancelled, upon the occurrence of a Stop Loss Event, the Issuer shall redeem each Product on the Stop Loss Redemption Date at the Stop Loss Redemption Amount.
<b>Stop Loss Redemption Date</b>	Upon the occurrence of a Stop Loss Event, the date designated as such by the Issuer on which it will redeem each Product at the Stop Loss Redemption Amount, provided that such date is not later than 5 Business Days after the date of such Stop Loss Event.
<b>Stop Loss Redemption Amount</b>	A cash amount determined by the Issuer in its sole discretion based on the Liquidation Value.

<b>Liquidation Value</b>	The value of the Underlying, determined as the sale price of the Underlying minus any transaction costs per the Stop Loss Redemption Date, converted to the Settlement Currency at the then prevailing exchange rate(s), minus the Short Cash Position, as determined by the Calculation Agent.
<b>Stop Loss Event</b>	If the value of the Product converted into the Issue Currency of the then prevailing exchange rate(s) minus the Short Cash Position at any time on any Business Day after the Initial Fixing Date is at or below the Stop Loss Level for such Business Day, as determined by the Calculation Agent.
<b>Stop Loss Level</b>	USD 6'000

**Swiss Taxation**

**Stamp duty** No stamp duty at issuance. Issuance and secondary market transactions are in principle subject to the Federal Turnover Tax ("Umsatzabgabe") if a securities dealer ("Effekthändler"), as defined in the Swiss Federal Act on Stamp Duties ("Stempelabgabengesetz"), is a party to the transaction or acts as an intermediary thereto.

**Withholding tax** No Swiss Federal withholding tax.

**Income tax** For private investors (individuals) with tax residence in Switzerland, the Product is treated like a unit of a collective investment scheme. The Issuer informs the Swiss Federal Tax Administration about the capital gains/losses and the earnings on the assets on an annual basis. Only the declared net earnings on the assets are subject to income tax.

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>	Leverage
<b>Product Type</b>	Miscellaneous Leverage Certificate
<b>SSPA Code</b>	2099

<b>Calculation Agent</b>	Bank Julius Baer & Co. Ltd., Zurich 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., Zurich 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>Minimum Trading Lot</b>	1 Product(s) and multiples thereof
<b>Quotation</b>	The Products are traded in units at a full price (dirty price), including interest, and are booked accordingly
<b>Clearing System</b>	SIX SIS AG
<b>Form</b>	Uncertificated Securities
<b>Governing Law / Jurisdiction</b>	Swiss Law / Zurich 1, Switzerland
<b>Principal Protection at Maturity / Redemption</b>	None. The Holder of any Product may lose the entire original amount invested.
<b>Embedded Derivatives</b>	Please refer to the KI of the Actively Managed Certificate on a Brazilian Fixed Income Portfolio

**Product Risk and Complexity Ratings assigned by the Bank**

Product Risk Rating	1 (Low)	2 (Moderate)	3 (Considerable)	4 (High)
				▲
Product Complexity	Non-Complex		Complex	
			▲	
Time Horizon	Less than 1 year	1-3 years	3-5 years	Over 5 years
			▲	

**Investor Description**

<b>Investor's Risk Profile</b>	The typical investor of this Product wants to participate with leverage in the performance of the Underlying. The typical investor profile is High.
<b>Investor's Market View</b>	The investor expects a general positive appreciation of the Underlying.
<b>Investor's Suitability</b>	This Product is <b>NOT</b> a suitable investment if: <ul style="list-style-type: none"> <li>(i) the investor has a Low, Moderate or Considerable risk profile;</li> <li>(ii) the investor does not have sufficient knowledge or experience in investing in derivative products and/or structured products;</li> <li>(iii) the investor does not want to risk any part of his / her initial investment; or the investor may need to liquidate his / her investment for short-term funding requirements.</li> </ul>

**Scenario Analysis**

<b>Worst Case Scenario</b>	If the Final Level or the Liquidation Value (in case of triggering of a Stop Loss Event) falls to zero, the investor will lose entirely his or her original investment amount and will not receive any Final Redemption Amount or Stop Loss Redemption Amount. The investor may lose the entire amount of his / her initial investment.
<b>Base Case Scenario</b>	If the Final Level does not deviate from the Reference Level and the value of the Underlying never falls to the Stop Loss Level, the investor will receive the Final Level less of any fees and interests accrued.
<b>Best Case Scenario</b>	If the Final Level rises above the Reference Level and the value of the Underlying never falls to the Stop Loss Level, the investor will enjoy the disproportionately, due to leverage, upside gain in the Underlying less of any fees and interests accrued.

The above described scenarios serve exclusively to illustrate the profit and loss prospects and are based on hypothetical price/level developments at the Final Fixing Date. These figures are neither an indicator nor a warranty of future price/level developments of the Underlying and the market value of the Product.

## Profit and Loss Prospects

The potential return on a Product is not limited, but dependent on the value of the Underlying and the Leverage Multiplier, *i.e.* the investor benefits fully, with leverage, from an increase in the value of the Underlying over the term of the Product.

The potential loss associated with an investment in the Products is also dependent on the value of the Underlying and the Leverage Multiplier. Due to the leveraged nature of the Products, a

comparatively low negative performance of the Underlying may result in larger loss for the investor. A total loss may occur if the Underlying has no value on the Final Fixing Date. The Stop Loss Limit does not offer a capital protection and, accordingly, a total loss may occur even if the Product is terminated upon the occurrence of a Stop Loss Event if the Value of Underlying (further) decreases after the occurrence of the Stop Loss Event.

## 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 Underlying, but also on the creditworthiness of the Issuer, 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 Underlying(s).

The Products do not constitute bank accounts or deposits at Bank Julius Baer & Co. Ltd. The Products are less liquid than bank accounts or deposits and bear higher risks. 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. 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, Gategny Court, Gategny 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 Underlying(s).

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, the Final Terms 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 Underlying(s) 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. Prospective investors should therefore be prepared to sustain a partial or total loss of the amount of their investment therein.

#### **Derivative Risk, not Protected Investment**

This Product may contain embedded derivatives and involves a high degree of risk. It is not the same nor should it be treated as a substitute for traditional deposits. Hence it is not a protected investment.

#### **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 value and volatility of the Underlying(s) 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 Underlying(s). 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 the Underlying(s).

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 Underlying(s) (volatility);
- economic, financial, political or regulatory events or judicial decisions that affect the Issuer, the Underlying(s) or the financial markets generally;
- interest and yield rates in the market generally;
- the time remaining until the Final Redemption Date;
- if applicable, the difference between the Level or Commodity Reference Price, as applicable, and the relevant threshold specified in the applicable Terms and Conditions;
- the Issuer's creditworthiness, including actual or anticipated downgrades in the Issuer's credit ratings; and

- dividend payments on the Underlying(s), if any.

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.

#### **Exposure to the Performance of the Underlyings**

Each Product will represent an investment linked to the performance of the Underlying(s) and potential investors should note that any amount(s) payable or other benefit to be received under the Products will generally depend upon the performance of the Underlying(s). The past performance of the Underlyings is not indicative of the future performance.

#### **Exchange Rate Risk**

The Underlying(s) may be denominated in a currency other than that of the Issue Currency or, if applicable, the Settlement Currency for such Product or the Underlying(s) 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 Underlying(s).

#### **Secondary Market**

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

Under normal market circumstances, the Issuer will endeavour to provide a secondary market for Products, but is under no obligation to do so. Upon investor demand, the Issuer will endeavour to provide bid/offer prices for Products, based on actual market conditions.

The purchases and sales have a weekly liquidity and will be executed on Monday of each week, as long as the notification arrives until 16:00 CET one business day before.

Depending on the composition of the Underlying, investors must also be aware of an increased spread risk. This means that during the term of the Product, bid and offer prices may differ to a considerable extent. It is important to note that in the secondary market, if a market does develop, the Issuer cannot guarantee to repurchase/sell unlimited volumes of the Product at the prices provided by the Lead Manager. For large sale/purchase orders (compared to the issued volume of the Product) the Issuer may charge a fee of 0.25% (based on the net price). Such orders may not be executed at once and investors may have to bear



considerable delays. The Issuer has at no time an obligation to repurchase/sell the Product.

#### 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 terminate or redeem the relevant Products. If the Issuer exercises such early redemption right(s), 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 Final Redemption Amount that would otherwise have been paid on the Final Redemption Date.

#### Issuer Call Option and Put Holder Option

The Products provide for a Holder Put Option (*i.e.*, an investor may, on any Put Date, exercise its right to require the Issuer to redeem its Product(s) on the applicable Final Redemption Date at the Final Redemption Amount), and an Issuer Call Option (*i.e.*, the Issuer may, on any Call Date, exercise its right to redeem the Products, in whole but not in part, on the applicable Final Redemption Date at the Final Redemption Amount). The Issuer and each investor in any such Product may exercise its Issuer Call Option and Holder Put Option, respectively, at its own discretion.

#### Leverage Multiplier

Due to the leveraged nature of the Products, investors participate disproportionately (in the amount of the Leverage Multiplier) in any negative performance of the Underlying. Due to such leverage effect the Products constitute a very speculative and high-risk form of investment, since a loss in value of the Underlying entails the risk of a disproportionately high loss up to a total loss of the capital invested on purchasing the Products including any related transaction costs.

#### Further Product Specific Risks

The Products are complex financial instruments, may therefore involve a high degree of risk and are intended for use only by sophisticated investors who are capable of understanding and assuming the risks involved. Before entering into any transaction, an investor should determine if this Product is suitable with regards to the particular circumstances and should independently assess (together with the client advisor) the specific risks as described herein and any other legal, regulatory or credit consequences. The Issuer makes no representation as to the suitability or appropriateness of this Product for any particular investor. This document does not replace (where applicable) a personal discussion with your client advisor, which may be tailored to your requirements, investment objectives, experience, knowledge and circumstances and which may be recommended

by the Issuer before the investment decision. Please ask the Issuer for supporting information regarding this Product.

Investors in Products that are Leverage Certificates should be aware that an investment in such Products may result in a loss if the Underlying(s) perform(s) negatively. Furthermore, such Products are leveraged products. Consequently, the market value of such Products may disproportionately decline as compared to any decline in the value of the Underlying(s) and may even result in a total loss.

The occurrence of a Stop Loss Event will trigger the early redemption of the Product. A Stop Loss Event occurs if the relevant level at a specific time is at or below the Stop Loss Level. In such case, the Issuer will redeem each such Product, as the case may be, on the Stop Loss Redemption Date at the Stop Loss Redemption Amount, which amount is dependent upon the liquidation value of the Underlying(s), as determined by the Calculation Agent, and may be equal to zero. Therefore, a total loss of the amount invested in such Products is possible, but any such loss is limited to the amount invested.

Furthermore, potential investors should also carefully consider the risks related to the Underlying.

#### Risks Relating to the Underlying

The Products are linked to the Underlying, which is a structured product linked to an actively managed, notional basket of securities, used only for referential purposes to determine the strategy value of the said structure product. Since the Underlying comprises a notional basket of securities and the basket is actively managed by the advisor of the structured product, the performance of the basket and hence the performance of the Underlying depend on the quality of the investment decisions of the advisor. Investors should only acquire the Product if he or she has fully understood the structure of the Product and all risks associated thereto.

Owning this Product is not the same as owning the Underlying or values covered by the Underlying or the basket of securities referenced thereunder. The Issuer is not obligated to actually buy, hold or sell the Underlying or any securities referenced thereunder. Investors in this Product should be aware that the Underlying or any part thereof will not in any event be held by the Issuer for the benefit of the holders of the Product. Accordingly, changes in the market value of the Underlying or the values covered by the Underlying may not result in a comparable change in the market value of the Product.

#### 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: <http://www.swissbanking.org/en/home/shop.htm> or may be obtained from your client advisor upon request.

## 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 dated July 2007 in relation to the Information for Investors in Structured Products. The simplified prospectus may be obtained free of charge from Julius Baer & Co. Ltd., Bahnhofstrasse 36, 8001 Zurich, Switzerland.**

This document is intended for information purposes only and 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 Associations. The content of this document does therefore not fulfill 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 Underlying(s) 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 and/or [http://www.six-swiss-exchange.com/news/official\\_notices/search\\_en.html](http://www.six-swiss-exchange.com/news/official_notices/search_en.html). This document will not be amended throughout the term of the Products.

### Selling Restrictions

The Products were not registered with the local regulator and are not publicly distributable outside of Switzerland. 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, The Netherlands, Italy, Hong Kong, Singapore, Dubai International Financial Centre, United Arab Emirates, Kingdom of Bahrain, Israel, Uruguay, Panama. These restrictions must not be taken as conclusive guidance as to whether the Products can be sold in a jurisdiction.

### Contact address

Bank Julius Baer & Co. Ltd.  
Hohlstrasse 604/606  
P.O. Box  
8010 Zurich  
Switzerland

Phone +41 (0)58 888 8181  
E-Mail [derivatives@juliusbaer.com](mailto:derivatives@juliusbaer.com)  
Internet [derivatives.juliusbaer.com](http://derivatives.juliusbaer.com)

## IMPORTANT NOTICE

The Bank is not acting as your financial adviser or fiduciary in any transaction. This document is for information purposes only and has no regard to the specific investment objectives, financial situations or particular needs of any specific recipient. Nothing in this document constitutes financial, 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 charts and scenarios set out in this document are for illustrative purposes only. Any investment or trading or other decision should only be made after a thorough reading of the relevant programme documentation including (where applicable) the product term sheet, subscription agreement, information memorandum, prospectus or other offering document (collectively, the "Documents"). You should ensure that you understand the nature of the transaction and read

carefully the information on the risk factors set out in the Documents. No representation or warranty, either express or implied is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the developments referred to in the Documents. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. The information and any opinions expressed in this document are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of the Bank as a result of using different assumptions and criteria. The Bank is under no obligation to update or keep current the information contained herein. This document does not constitute and should not be construed as an offer, recommendation or solicitation to conclude a transaction nor should it be treated as giving investment advice. The price and value of, and the income from, any such securities or financial instruments may fall as well as rise. Past performance is not necessarily indicative of future results and no guarantee or warranty (whether express or implied) is given in respect of the performance of any securities or other financial instruments referred to herein.

**No action has been taken to permit the distribution of this document or any other Document in any jurisdiction where action would be required for such purpose. Accordingly, no person receiving a copy of this document or the Documents in any territory may treat the same as constituting an invitation or offer to him to acquire the securities or other financial instruments referred to herein unless in the relevant territory such an invitation or offer could lawfully be made without compliance with any registration or other legal requirement.**

ANNEX 1

[INSERT KEY INFORMATION FOR Actively Managed Certificate on a Brazilian Fixed Income Portfolio]