

## 1Y 2.62% P.A. JULIUS BAER TERM NOTES

(collectively referred to as the "Product")

### CASH SETTLEMENT – USD

#### Important information

- This Product is issued by Bank Julius Baer & Co. Ltd., Guernsey Branch (the "Issuer").
- This Product is not backed, guaranteed or protected by any financial protection or compensation scheme such as the UK Financial Services Compensation Scheme.
- If the Issuer fails or becomes insolvent for any reason, you may lose all of your investment.

This document is for information purposes only.

The 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 and are exposed to the credit risk of the Issuer.

The Product does not constitute a bank account or deposit at Bank Julius Baer & Co. Ltd, Guernsey Branch. The Product constitutes a direct, unconditional, unsecured and unsubordinated obligation of Bank Julius Baer & Co. Ltd. An investment in the Product will not be covered by any compensation or insurance scheme (such as bank deposit protection scheme) of any government agency of Switzerland or any other jurisdiction and the Product does not have the benefit of any government guarantee.

#### Investment Objective

The Product is aimed at investors who seek fixed returns and the return of the entire invested amount at the end of the full investment term.

A typical investor in the Product:

- seeks a fixed return;
- seeks the return of the entire invested amount at the end of the full investment term;
- understands that the Product is designed to be held to the end of the full investment term and exiting earlier may result in the Product repaying less than the initial investment;
- is able to understand all the features of this Product;
- is comfortable with the credit risk of Bank Julius Baer & Co. Ltd., and understands that if the Issuer fails or becomes insolvent for any reason, the entire investment could be lost.

### I. Product Description

Your initial investment in the Product is the sum that you decide to invest in the individual financial instruments ("Notes") constituting the Product, as described in the Terms below.

**Terms**

Swiss Security Number (Valor)	42174533
ISIN	CH0421745339
Issue Size	up to USD 16,900,000 (may be increased/ decreased at any time)
Issue Currency	USD
Settlement Currency	USD
Issue Price	100.00% of the Denomination (per Note, including the Transaction Charge)
Denomination	USD 1,000.00 (per Note)
Tenor	361 days
Transaction Charge	0.05014% of the Denomination (per Note) <sup>1)</sup>

**Initial Fixing Date: 20 June 2018**, being the date on which the Product is fixed.

**Issue Date/Payment Date: 22 June 2018**, being the date on which the Products are issued and the Issue Price is paid.

**Last Trading Date: 14 June 2019**, being the last date on which the Products may be traded.

**Final Redemption Date: 18 June 2019**, being the date on which each Product will be redeemed at the Final Redemption Amount.

<sup>1)</sup> The Transaction Charge is expressed as a percentage of the Issue Price. The Issue Price (which includes the Transaction Charge) is received by Julius Baer. Where we have provided you with advice on this transaction, the Transaction Charge represents the transaction-specific adviser charges that you pay to Julius Baer for advice and related services, as further described in our Services and Prices document. The Transaction Charge has already been accounted for in the terms of this Product. Example: You pay USD 1,000,000 towards an investment in the Product. Of this amount, USD 501.40 is received by Julius Baer as the Transaction Charge. When your invested amount is returned at the end of the full investment term, as described in this document, you receive back the sum of USD 1,000,000 (plus accrued interest, as calculated below).

**Redemption**

Final Redemption	Unless previously redeemed, repurchased or cancelled, the Issuer shall redeem each Product on the Final Redemption Date by payment of a cash amount equal to the Final Redemption Amount to the Holder thereof.
Final Redemption Amount	a cash amount per Product equal to the product of (a) the Denomination and (b) the accrued interest calculated by the Calculation Agent in accordance with the following formula:  $\text{Denomination} \times \left( 1 + \text{Bonus Rate} \times \frac{\text{Days}}{360} \right)$ <p>Where:  "Days" means the number of calendar days in the Accrual Period.  "Accrual Period" means the period from, and including, the Issue Date to, but excluding, the Final Redemption Date.  "Bonus Rate" means 2.62% per annum.</p>
Settlement Type	Cash settlement

Potential investors are advised to consult their tax advisors to determine the special tax consequences of the purchase, ownership or disposition of the Product. Furthermore the tax treatment may depend on the personal situation of the investor and may be subject to change in the future.

**Product Description**

Unless an extraordinary event has caused the Issuer to previously early redeem, repurchase or cancel a Note, the Issuer will redeem each Note on the Final Redemption Date at the Final Redemption Amount being a cash amount equal to 100% of the Denomination plus the accrued interest at the Bonus Rate during the Accrual Period. There will be no interest payments during the term of the Product.

**Product Documentation**

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. (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"). **The Final Terms do not constitute Final Terms pursuant to the EU Prospectus Directive (Directive 2003/71/EG) and the implementation laws of any EU Member State and, accordingly, no non-exempt public offer of the Product will be made in any EU jurisdiction.** The Base Prospectus and the Final Terms may be obtained free of charge from Bank Julius Baer & Co. Ltd., Bahnhofstrasse 36, 8001 Zurich, Switzerland.

**Details**

Issuer	Bank Julius Baer & Co. Ltd., Guernsey Branch (Rating: Moody's A2) (Prudential Supervision: by the Swiss Financial Market Supervisory Authority FINMA)
Lead Manager	Bank Julius Baer & Co. Ltd., Zurich
Calculation Agent	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
Paying Agent	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
Listing and Admission to Trading/ Secondary Market Trading	None
Minimum Trading Lot	1 Note
Minimum Investment Size per Investor	USD 100,000
Trading (Secondary Market)	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.
Quotation	Each Note is traded in percentage of the Denomination at a full price (dirty price), including interest rights, and is booked accordingly.
Clearing System	SIX SIS AG
Form	Uncertificated Securities
Governing Law / Jurisdiction	Swiss Law / Zurich 1, Switzerland

## II. Profit and Loss Prospects

### Final Redemption

The potential return on a Product is limited to the accrued interest in the Accrual Period determined by reference to the Bonus Rate scheduled to be paid at maturity of the Product.

### Early Redemption

If an extraordinary event has caused the Issuer to previously early redeem the Product, investors may receive a redemption amount

that is considerably lower than the Final Redemption Amount that would have otherwise been received. In such case, the investor in the Product may suffer a partial loss on his/her investment.

### III. Significant Risks for Investors

The following risk disclosure cannot disclose all the risks associated with an investment in the Product. Therefore, potential investors in the Product 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 Product's retention of value is dependent 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.

The Product is a direct, unconditional, unsecured and unsubordinated obligation of the Issuer. If the Issuer were to become insolvent, claims of investors in the Product 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 the Product may suffer a loss of all or a portion of their investment.

The Product does not constitute a bank account or deposit at Bank Julius Baer & Co. Ltd. The Product is less liquid than a bank account or deposit and bears higher risks. An investment in the Product 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 the Product does not have the benefit of any government guarantee. The Product is an obligation of the Issuer only and holders of the Product must look solely to the Issuer for the performance of the Issuer's obligations under the Product..

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 Issuer or for the correctness of any of the statements made or opinions expressed with regard to it.

#### 2. Product Risks

An investment in the Product entails certain risks.

Certain financial instruments, such as the Product, may be purchased by an investor as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to his or her overall portfolios. An investment in the Product requires a thorough understanding of the nature of the Product. Potential investors in Products should be experienced with respect to an investment in financial instruments and be aware of the related risks. Before deciding whether to make an investment in the Product, the investor should consider whether he/she:

- has sufficient knowledge and experience to make a meaningful evaluation of the Product, the merits and risks of investing in the Product and the information contained in the Base Prospectus and the applicable Terms and Conditions;
- understands the impact the Product will have on such investor's overall investment portfolio;
- has sufficient financial resources to bear all the risks of an investment in the Product;
- understands the Terms and Conditions of the Product and is familiar with the behaviour of the relevant factors affecting the market value of the Product and financial markets;
- is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may, during the investment term, affect the investor's ability to bear the risks of an investment in the Product ;
- has the expertise (either alone or with the help of a financial adviser) to evaluate how the Product will perform under changing conditions; and
- recognises that it may not be possible to dispose of the Product for a significant period of time, if at all, before its redemption.

An investment in the Product may not be suitable where the investor is unable to confirm the points listed above.

#### Risk of total loss

Some products may involve a high degree of risk, and prospective investors in the Product should recognise that, under certain circumstances the respective redemption amount and any accrued interest scheduled to be paid (or other benefits to be received) under the Product may not be paid or fulfilled. Prospective investors should therefore be prepared to sustain a partial or total loss of the amount of their investment therein.

#### Unpredictable Market Value for Products

During the term of the Product, the market value of the 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. Generally, the creditworthiness of the Issuer on any day will affect the market value of the Product more than any other single factor. However, a potential investor should not expect the market value of the Product in the secondary market to vary solely in proportion to changes in the creditworthiness of the Issuer.

The market value of the Product will be affected by a number of 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 the Product, including inventory positions of any other market maker;
- economic, financial, political or regulatory events or judicial decisions that affect the Issuer or the financial markets generally;
- interest rates and interest rate differentials prevailing in the market generally; interest rates are determined by factors of supply and demand in the international money markets, which are in particular governed by macro economic factors, complex political factors, speculation, central bank and government intervention and other market forces;
- the time remaining until the Final Redemption Date;
- the Issuer's creditworthiness, including actual or anticipated downgrades in the Issuer's credit ratings.

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

#### **Inflation Risk**

Inflation risk is the risk of future money depreciation. The real yield on an investment is reduced by inflation. Consequently, the higher the rate of inflation, the lower the real yield on the Product will be. If the inflation rate is equal to or higher than the yield on a product, the real yield on such product will be zero or even negative. Inflation will reduce the real value of the Product over time which may affect the investor's purchasing power in other investments in the future and which may make the Bonus Rate on the instrument less attractive in the future.

#### **Exchange Rate Risk**

The Settlement Currency of the Product may not be the same as the home currency of the investor. 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 the Product.

#### **Secondary Market**

The Product 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, depending on actual market conditions. There will be a price difference between bid and offer prices (spread).

#### **Early Redemption**

Investors must be aware of the possibility of 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 Product. 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 investor paid for such Product) and/or the Final Redemption Amount that would otherwise have been paid on the Final Redemption Date.

#### **Re-investment Risk**

Potential investors should consider risk of re-investing in or 'rolling over' the Product in light of other investments available at the time of re-investment.

#### **Further Information**

For further details on the Product related risks please consult the risk disclosure brochure "Special Risks in Securities 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.

## IV. Important Additional Information

**This document does not constitute the simplified prospectus for the Products pursuant to Article 5 of the Swiss Federal Act on Collective Investment Schemes (“CISA”).**

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 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:** If in connection with the Products, any one-time or recurring remunerations (e.g. placement or holding fees) have been paid or are payable by the Issuer to its affiliate, then such affiliate may be obliged to fully disclose to its clients the existence, nature and amount of any such commission or fees (including, if applicable, by way of discount) as required in accordance with laws and regulations applicable to such affiliate. Such remunerations are included in the Issue Price. By receiving payments in connection with the Products, the interest of 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 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, Bahamas, Lebanon. These restrictions must not be taken as conclusive guidance as to whether the Products can be sold in a jurisdiction.

For investors located in Panama: Neither these securities, nor their offer, sale or transfer, have been registered with the Superintendence of the Securities Market (formerly the National Securities Commission). The exemption from registration is based on numeral 3 of Article 129 (Institutional Investors) of Decree Law 1 of July 8, 1999 as amended and organized into a single text by Title II of Law 67 of 2011 (the “Securities Law”). In consequence, the tax treatment established in Articles 334 to 336 of the Securities Law, does not apply to them. These securities are not under the supervision of the Superintendence of the Securities Market.

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