

Key Information – 43856508 – 22 October 2018

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

## Long Leverage Certificate on the Actively Managed Certificate on the Alquant Quantitative Core Portfolio

(the "Products")

### Leverage Certificate – Cash Settlement – CHF

The Product may not be offered, sold or otherwise distributed in or from Switzerland/Europe except to Qualified Investors.

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 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 Issuer.

## I. Product Description

### 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>	43856508
<b>ISIN</b>	CH0438565084
<b>Issue Size</b>	Up to 2000 Products (CHF 20,000,000 - may be increased/decreased at any time)
<b>Issue Currency</b>	CHF
<b>Settlement Currency</b>	CHF
<b>Issue Price</b>	CHF 10'000 (per Product)
<b>Denomination</b>	CHF 10'000
<b>Underlying</b>	
Underlying	Actively Managed Certificate on the Alquant Quantitative Core Portfolio
Initial Level	CHF 100.00
Currency	CHF

<b>Subscription Period</b>	<b>03 October 2018 – 22 October 2018</b> , 9am CET.
<b>Initial Fixing Date</b>	<b>22 October 2018</b> , being the date on which the Initial Level is fixed.
<b>Issue Date/Payment Date</b>	<b>29 October 2018</b> , being the date on which the Products are issued and the Issue Price is paid.
<b>Final Fixing Date</b>	<b>23 October 2028</b> , being the day on which the Final Level will be fixed.
<b>Final Redemption Date</b>	<b>30 October 2028</b> , being the date on which each Product will be redeemed at the Final Redemption Amount, unless previously redeemed, repurchased or cancelled.
Issuer of the Underlying	Bank Julius Baer & Co. Ltd, Guernsey
ISIN	CH0417957443
Valor	41795744
SVSP Product Type of the Underlying	Tracker Certificate (1300)

BANK JULIUS BAER & CO. LTD

Structured Products, Telephone: +41 (0) 58 888 8181, E-Mail: derivatives@juliusbaer.com, Internet: derivatives.juliusbaer.com

The Product Documentation for the Actively Managed Certificate on the Alquant Quantitative Core 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 the Alquant Quantitative Core Portfolio. For further details and information about the Underlying see Key Information for the Actively Managed Certificate on the Alquant Quantitative Core Portfolio attached hereto as Annex 1.

The effect of any fee charged on the Actively Managed Certificate on the Alquant Quantitative Core Portfolio on the performance of this Product is magnified in this Product by the built-in leverage of this Product.

## Redemption

<b>Final Redemption</b>	Unless previously redeemed, repurchased or cancelled, 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.
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<b>Final Redemption Amount / Redemption Amount</b>	<p><b>Scenario 1: The Leverage Hurdle is never reached</b></p> <p>If the value of the Certificate never reaches or falls below the Leverage Hurdle before its redemptions, the Certificate will be redeemed on the redemption date according to the following formula:</p>
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$$\left( \frac{Final\ Level}{Initial\ Level} \cdot Leverage\ Multiplier \cdot Denomination \right) + Final\ Short\ Cash\ Position$$

**Scenario 2: Leverage Hurdle is reached**

If the value of the Certificate ever reaches or falls below the Leverage Hurdle, the Certificate will automatically be turned into a certificate with unleveraged participation to the Underlying. Part of the Underlying will be liquidated in a measure sufficient to repay the current Short Cash Position, which will be reset to 0. The Certificate will continue to exist and give 100% participation to the investor to the Underlying. The Certificate will be redeemed on the redemption date according to the following formula:

$$N_{FRD} \cdot Final\ Level$$

$N_{FRD}$  = Number of shares of the Underlying held by the Certificate on the redemption date

<b>Settlement Type</b>	Cash settlement
<b>Final Level</b>	The value of the Underlying on the Final Fixing Date (or on the Early Redemption 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 the Alquant Quantitative Core Portfolio attached hereto as Annex 1.
<b>Leverage Multiplier</b>	2.0
<b>Initial Underlying Exposure</b>	CHF 20'000 (participation 200%)
<b>Initial Short Cash Position</b>	A negative amount being equal to CHF -10'000
<b>Short Cash Position</b>	On any day, a negative amount being equal to the Initial Short Cash Position minus Accrued Interest, as determined by the Calculation Agent
<b>Final Short Cash Position</b>	The Short Cash Position on the Final Fixing Date
<b>Accrued Interest</b>	Accrued and compounded interest using the Refinancing Rate
<b>Refinancing Rate</b>	1month CHF LIBOR + 0.88% p.a., monthly reset and rolling (total rate floored at 0.1% p.a.)
<b>Early Redemption Date</b>	The date before the Final Fixing Date on which the Certificate is redeemed
<b>Early Redemption Fee</b>	0.5% during the first 12 months after the Initial Fixing Date, 0% thereafter
<b>Leverage Hurdle</b>	CHF 5'000.00
<b>Leverage Hurdle Event</b>	If the value of the Certificate at any time on any Business Day after the Initial Fixing Date is at or below the Leverage Hurdle, as determined by the Calculation Agent.

## 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.

## General Tax Information

Transactions and payments related to this product may be subject to additional (foreign) transaction taxes and or withholding taxes such as US withholding taxes pursuant to FATCA (Foreign Account Tax Compliance Act) or the Section 871(m) of the US Internal Revenue Code. Any amounts due, shall be paid net of such taxes. The issuer is not obliged to pay additional amounts with regard to amounts so withheld.

## 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 facility is static but may vary during the term of the Products dependent on the performance of the Underlying.

Furthermore, after the occurrence of a Leverage Hurdle Event the Products will automatically turn into Certificates with unleveraged participation to the Underlying. A Leverage Hurdle Event occurs if the Certificate level at a specific time is at or below the Leverage Hurdle. In such case, part of the Underlying will be liquidated in a measure sufficient to repay the current Short Cash Position, which will be reset to 0. The Products will continue to exist and give 100% participation to the Underlying.

## Product Documentation

The complete and legally binding terms and conditions of the Long Leverage Certificate on the Actively Managed Certificate on the Alquant Quantitative Core 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 2018, 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.

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.

## 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

## II. 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 Leverage Hurdle does not offer a capital protection and, accordingly, a total loss may occur even if the leverage is reduced to 0 upon the occurrence of a Leverage Hurdle Event if the Value of Underlying (further) decreases after the occurrence of the Leverage Hurdle Event.

### 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 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, 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 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.

### 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.

### 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.

After the occurrence of a Leverage Hurdle Event the Products will automatically turn into certificates with unleveraged participation to the Underlying. A Leverage Hurdle Event occurs if the relevant Underlying level at a specific time is at or below the Leverage Hurdle. In such case, part of the Underlying will be liquidated in a measure sufficient to repay the current Short Cash Position, which will be reset to 0. The Products will continue to exist and give 100% participation to the Underlying. 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

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)

**Investors must be aware that conversations on trading lines are recorded. No objection is assumed.**

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# ANNEX 1

Key Information – 41795744 – 22 October 2018

SSPA Swiss Derivative Map©/ EUSIPA Derivative Map© Tracker Certificate (1300)

## Actively Managed Certificate on the Alquant Quantitative Core Portfolio

(the "Products")

### 100% Participation on Actively Managed Basket – Open End - Cash Settlement – CHF

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

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 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.

The Products are linked to the performance of a dynamic, discretionary managed basket.

## I. Product Description

### Terms

**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., Zürich

**Swiss Security Number (Valor)** 41795744

**ISIN** CH0417957443

**Issue Size** Up to 300,000 Products (CHF 30,000,000 - may be increased/decreased at any time) (indicative)

**Issue Currency** CHF

**Subscription Period** 03 October 2018 – 22 October 2018, 9 am CET.

**Issue Price** CHF 100.00 (per Product; including the Distribution Fee) (indicative)

**Denomination** CHF 100.00

### Initial Fixing Date

**22 October 2018**, being the date during which the Initial Value and the initial composition of the Underlying are determined.

### Issue Date/Payment Date

**29 October 2018**, being the date on which the Products are issued and the Issue Price is paid.

### Final Fixing Date

The Call Date or the relevant Put Date, as applicable

### Final Redemption Date

The date that is five Business Days after the earlier of (x) the Final Fixing Date, (y) in respect to all Products, the Call Date on which the Issuer has exercised its Issuer Call Option or (z), in respect to a particular Product, the Put Date on which the Holder of such Product has exercised its Holder Put Option.

### Issuer Call Option

Unless previously redeemed, repurchased or cancelled, 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, 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.

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## 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).

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## Underlying

### Alquant Quantitative Core Portfolio

**Sponsor** Bank Julius Baer & Co. Ltd., Zurich

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**Advisor** Alquant AG, Hergiswil  
SRO PolyReg, Zurich, is a self-regulatory organization subject to FINMA

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**Underlying Description** The Underlying is a basket representing an actively managed portfolio consisting of various investment products (see also below the definition of Investment Universe), which is discretionary managed over the course of the term of the Products by the Advisor through an algorithm.

**There is no obligation on the Issuer, the Sponsor or the Advisor or any other party to purchase and/or hold any components contained in the Underlying and there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. The Underlying is merely comprised of components, the performance of which is used as a reference point for the purpose of calculating the value of the Underlying. References to any changes in the composition of the Underlying should not be construed as imposing an obligation on the Issuer, the Sponsor, the Advisor or any person to actually acquire or dispose of any securities, depositary receipts, futures, other investments, assets or other property but are references to the change in, and relate solely to the calculation of, the value of the Underlying which is relevant for the determination of amounts payable in respect of the Products.**

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**Investment Strategy (Basic Parameters)** The primary objective of the Investment Strategy is to deliver long-term stable returns while reducing risk exposure during market turmoil. The Investment Strategy focuses on minimizing the impact of market drawdowns enhancing capital preservation and decreasing the required time to reach new highs. Thus, the Investment Strategy tends to outperform traditional balanced investment strategies over the long-term. The investment decisions are strictly rule-based, using quantitative approaches designed to recognize changes in market conditions and react accordingly. The Investment Strategy invests primarily in broadly diversified index instruments such as exchange-traded funds (ETFs), index-oriented investment funds, and derivatives. The Investment Strategy is invested worldwide in equities, bonds, currencies, commodities and real estate. The overall foreign currency exposure is predominantly hedged back in Swiss francs (see FX Hedging Effect<sub>t</sub>)

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**Investment Guidelines** Only investments in investment products contained in the Investment Universe (as defined below) are permitted. Naked short selling and borrowing are not permitted. The Advisor is permitted to change the composition of the basket on a daily basis. Nevertheless, the number of changes in the composition of the basket is limited to 18 per year. At any time, the basket contains a minimum of 0 and a maximum of 50 components (excluding the cash component). Besides the aforementioned assets, the Underlying may contain a cash component in the Certificate's currency.

The Investment Guidelines and the Investment Universe must be respected on the initial fixing of the basket and upon any change in the composition of the basket. The Advisor is free to correct infringements of the Investment Guidelines which might possibly occur thereafter. No liabilities are assumed by the Advisor or the Sponsor due to such infringements.

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## Diversification Rules

The asset class limits below are in percent of the total portfolio's value:

- Maximum weight for equity investments (Funds, single Stocks and Futures): 60%
- Maximum weight for fixed income investments (Funds): 70%
- Maximum weight for real estate investments (REITS and Funds): 15%

The component limits below are in percent of the total portfolio's value:

- Minimum number of components in portfolio (excluding cash): 0
- Maximum number of components in portfolio (excluding cash): 50
- Maximum aggregate weight for single Stocks: 10%
- Maximum weight per single Stock component: 5%
- Maximum weight per Fund component (except for S&P 500 exposure as defined below): 15%
- Maximum weight for aggregate exposure in S&P 500 (iShares Core S&P 500 UCITS ETF ISIN: IE00B5BMR087, Vanguard S&P 500 UCITS ETF ISIN: IE00B3XXRP09, SPDR S&P 500 UCITS ETF ISIN: IE00B6YX5C33, Invesco S&P 500 UCITS ETF A ISIN: IE00B3YCGJ38) and Futures (ESA Index, SPA Index): 30%

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## Investment Universe

The portfolio can include CHF, USD, GBP and EUR denominated listed:

- Funds (ETFs, money market funds and mutual funds),
- ETNs,
- Stocks (common stocks, preferred stocks, REITS and depositary receipts which represent equity rights according to the range of exchange traded stocks),
- Futures.

Further, the below restrictions apply:

- Each Fund must have at least CHF 100 million AUM (or the equivalent in USD, GBP or EUR),
- At any time, the portfolio cannot comprise more than 10% of any Fund's total AUM,
- Each Fund must have at least daily liquidity,
- Each Stock must have at least CHF 1 billion market capitalisation (or the equivalent in USD, GBP or EUR),
- Each Stock must have a 30 days average daily traded volume of at least CHF 3 million (or the equivalent in USD, GBP or EUR),
- At any time, the portfolio cannot comprise more than 5% of any Stock's market capitalisation,
- Only the following Futures are allowed in the portfolio: 10yr US Treasury Note (**TYA Comdty**), S&P 500 (**SPA Index, ESA Index**) and Gold (**GCA Comdty**).

The liquidity of securities must be sufficient with respect to the issued volume of the Certificates. Therefore the Sponsor has the right to reject components which form part of the Investment Universe (see „Right of Objection“ below). Besides the aforementioned assets, the Underlying may contain a cash component in the Product's currency. This cash component may reach up to 100%. No interest is paid on this cash component. A negative interest rate may be applied due to market conditions.

The Advisor has the possibility, but not the obligation to hedge the foreign currencies (see FX Hedging Effect). It is not possible to hedge NDF currencies. Currency risk is hedged by holding a short position in the currency of the Underlying with the size of the market value of the Underlying and by holding a corresponding long position in the denomination currency of the Product. The FX hedge will be rebalanced at the Advisor's sole discretion. The investors achieve a maximum possible participation in the actual performance of the price of the respective underlying for investors, without any financial impairment were the exchange rates to decline but also without any additional opportunities for gains were the exchange rates to rise.

The Sponsor has the right to unwind Futures positions due to avoid unnecessary risk or due to any other reason.

Long futures in the portfolio would be treated like active positions and must be notionally fully funded. At the time of a potential purchase of the futures, the cash component in the certificate's currency (or in the currency of the future, if available) would be reduced by the total contract value of the new acquired future (at acquisition price). The Advisor has therefore to be aware that if the product's denomination currency does not correspond to the certificate's currency, the notional total futures contract value would be exposed to FX risk.

Short futures might be used only for hedging purposes.

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<b>Change of Basket Composition</b>	The Sponsor will use its best effort to implement the Advisor's investment decisions as soon as practical. This may take several days as the Sponsor might have to enter into respective hedging transactions relating to its obligations under the Products due to its position as Issuer of the Products. No assurance can be given that all investment decisions will be realized as intended by the Advisor. The Sponsor implements the changes in the composition of the basket on a discretionary basis at the respective net ask and bid prices available on the market or, if he considers this necessary due to the market constellation, the Sponsor implements it on a discretionary basis at the respective average net ask and bid prices of the assets.
<b>Right of Objection</b>	The Sponsor has the right to reject components selected by the Advisor at his sole discretion should any situation whatsoever arise whereby the Sponsor (a) due to technical constraints cannot execute the Advisor's investment decision or (b) due to any other reasons is unable to hedge its position as Issuer of the Products.
<b>Reinvestment of the Returns</b>	The Sponsor will reinvest any returns (net of any tax or retention) into the corresponding Component(s).
<b>Adjustments</b>	The Sponsor decides according to the terms outlined in the Base Prospectus and the Final Terms how the basket is adjusted when dilution and concentration effects occur, investors' rights change as well as in comparable situations. The adjustments are implemented on or around the respective trading day. No liabilities are assumed by the Sponsor due to possible infringements of the Investment Guidelines which might occur as a consequence of such adjustments. The value of the basket is not retroactively adjusted.
<b>Responsibility</b>	Subject to the Investment Guidelines, the Advisor is responsible for the composition of the basket and the weighting of the basket components. The performance of the basket - and therefore of the Product - depends, among other things, on the Advisor's investment decisions. The Sponsor is only responsible for the administration of the Product. Neither the Issuer nor the Sponsor assume responsibility whatsoever for the composition of the basket and its impact on the performance of the Products.
<b>Information about the Investment Strategy</b>	Further Information about the Investment Strategy is free of charge available from the Issuer upon request.
<b>Composition of the Underlying</b>	Information about the current composition of the Underlying is available from the Issuer upon request.
<b>Foreign Exchange (if FX hedged)</b>	Currency risk is hedged by holding a short position in the currency of the Underlying with the size of the market value of the relevant Components and by holding a corresponding long position in the denomination currency of the Product. The FX hedge will be rebalanced at the Advisor's sole discretion. The investors achieve a maximum possible participation in the actual performance of the price of the respective underlying, without any financial impairment were the exchange rates to decline but also without any additional opportunities for gains were the exchange rates to rise. The FX Hedging Effect comprises the following two items: Firstly, the hedge profits or costs incurred through the interest rate differential between the involved currencies (underlying currency and denomination currency). Secondly, the imperfectness of the hedges due to the fact that the hedge-rebalancing frequency is not continuous. Only deliverable and free convertible currencies can be hedged.
<b>Foreign Exchange (if not FX hedged)</b>	The individual Components are valued in the currency of the Product. The actual foreign exchange rates are used as exchange rates at the time of valuation.
<b>Redemption</b>	
<b>Final Redemption</b>	Unless previously redeemed, repurchased or cancelled, the Issuer shall redeem each Product on the Final Redemption Date by payment of the Final Redemption Amount to the Holder thereof.
<b>Final Redemption Amount</b>	A cash amount equal to the Strategy Value minus the accrued Recurring Fees plus the incurred FX Hedging Effect <sub>t</sub> calculated by the Calculation Agent on the Final Fixing Date in accordance with the following formula:  $\text{Strategy Value}_t - \text{accrued Recurring Fees} + \text{FX Hedging Effect}_t$
<b>FX Hedging Effect<sub>t</sub></b>	The hedge costs incurred through the interest rate differential between the involved currencies (underlying currency and denomination currency) at a point in time t as determined by the Calculation Agent and the imperfectness of the hedges due to the fact that the hedge-rebalancing frequency is not continuous, if FX is hedged.
<b>Settlement Type</b>	Cash settlement

<b>Strategy Value</b>	The value of the Underlying, determined by the sum of the value of each of the assets contained in the Underlying at a point in time t (including the cash component expressed in the Issue Currency), converted to the Issue Currency at the then prevailing exchange rate(s), as determined by the Calculation Agent.
<b>Initial Value</b>	CHF 100.00
<b>Recurring Fees</b>	The Administration Fee and the Advisory Fee (the "Recurring Fees") The Recurring Fees are calculated and deducted from the Strategy Value by the Calculation Agent on a daily basis.
<b>Advisory Fee</b>	0.30% p.a. of the Strategy Value
<b>Administration Fee</b>	0.40% p.a. of the Strategy Value
<b>Distribution Fee</b>	Up to 0% p.a. of the Issue Price (incl. VAT, if any). 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".

## Swiss Taxation

<b>Stamp duty</b>	No stamp duty upon 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.
<b>Withholding tax</b>	No Swiss Federal withholding tax.
<b>Income tax</b>	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.

## General Tax Information

Transactions and payments related to this product may be subject to additional (foreign) transaction taxes and or withholding taxes such as US withholding taxes pursuant to FATCA (Foreign Account Tax Compliance Act) or the Section 871(m) of the US Internal Revenue Code. Any amounts due, shall be paid net of such taxes. The issuer is not obliged to pay additional amounts with regard to amounts so withheld.

## Product Description

The Products are financial instruments which allow the investor to fully participate in the positive performance of the Underlying, but which also reflect the development of the Underlying if its performance is negative. The Underlying is an actively managed basket of securities, as described below under section "Underlying".

On the Final Redemption Date, the Product is redeemed at the Final Redemption Amount, which amount will be dependent upon the performance of the Underlying, and will also be adjusted for applicable Fees and costs.

The Products enable the holder thereof to benefit from an unlimited participation in any positive performance of the Underlying. Therefore, if the Underlying performs positively, an investment in the Products directly reflects the positive performance of the Underlying. Likewise, if the Underlying performs negatively, an investment in the Products directly reflects the negative performance of the Underlying. Therefore, the risk associated with an investment in the Products is comparable to the risk associated with a direct investment in the Underlying, and a total loss of the amount invested in the Products is possible, although any such loss is limited to the amount invested. There is no obligation on the Issuer to purchase and/or hold any components contained in the Underlying. The Issuer shall be free to choose how to invest the proceeds from the issuance of the Products.

The Products are open-ended which means that they do not have a fixed maturity date. Instead, such Products provide for an investor a termination right (Holder Put Option) and for the Issuer an Issuer termination right (Issuer Call Option) both subject to written notice of at least one month.

## Product Documentation

The complete and legally binding terms and conditions of the Products are set forth in the base prospectus for the issuance of Participation Products of Bank Julius Baer & Co. Ltd. (the "Bank"), dated 19 June 2018, 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.

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.

### Details

<b>Risk Category</b>	Complex Product
<b>Product Category</b>	Participation
<b>Product Type</b>	Tracker Certificate
<b>SSPA Code</b>	1300
<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/Secondary Market Trading</b>	None
<b>Tenor</b>	Open Ended
<b>Minimum Investment Lot</b>	1 Certificate
<b>Quotation</b>	The Products are traded in units 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



## II. Profit and Loss Prospects

This Product is aimed at investors who expect a positive performance of the Underlying. The potential return on a Product is not limited, but dependent on the value of the Underlying, *i.e.* the investor benefits fully from an increase in the value of the Underlying over the term of the Product and the quality of the investment decisions of the Advisor.

The potential loss associated with an investment in the Products is also dependent on the value of the Underlying. A total loss may occur if the Underlying and the securities contained in the actively managed basket, respectively, have no value on the Final Fixing Date.

### 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 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. 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 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 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 behavior 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
- recognize 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.

### **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.

### **No obligation on any other party to purchase and/or hold interests in the Underlying or any components contained in the Underlying**

Investors should be aware that there is no obligation on the Issuer or any other party to purchase and/or hold interests in the Underlying or any components contained in the Underlying and

there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest.

### **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. 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 0.4% (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 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.

### **Open-end Feature**

Investors should be aware that Products have a so called open-end feature, i.e., the Products do not have a fixed maturity date. Instead, such 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.

### **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.

### **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 a personal discussion with your client advisor, which is tailored to your requirements, investment objectives, experience, knowledge and circumstances and which is recommended by the Issuer before the investment decision. Please ask your client advisor about supporting information regarding this Product.

The return on the Products depends on the performance of the Underlying. Since the basket of securities is actively managed by the Advisor, the performance of the Product depends on the quality of the investment decisions of the Advisor. As past performance is no guarantee of future development, the performance cannot be predicted at the time of the investment decision. Further, there is no assurance that all investment decisions intended by the Advisor will be realised and that its

expectations regarding the performance of the Products will be met.

Investors should be aware that an investment in these Products generally results in a loss upon redemption if the value of the Underlying decreases. Consequently, the potential loss associated with an investment in such Products is linked to the negative performance of the Underlying. Investors in the Products should be prepared to sustain a partial or total loss of their investment.

Owning this Product is not the same as owning the Underlying or values covered by the Underlying or the 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.

## 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 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 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, if any, are included in the Issue Price.

Investors may request further information from Bank Julius Baer & Co. Ltd. By receiving 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.

### Dividend equivalent payments

Investors should note that "dividend equivalent" payments made in connection with the Products are subject to an U.S. federal withholding tax under Section 871(m) of the U.S. Internal Revenue Code. The Issuer will always apply a withholding of 30 percent on such dividend equivalent payments linked to stocks of U.S. corporations or certain indices containing U.S. corporations. Accordingly, the investor will receive less than the amount he would have otherwise received in the absence of such withholding.

**Contact address**

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

Phone	+41 (0)58 888 8181
E-Mail	<a href="mailto:derivatives@juliusbaer.com">derivatives@juliusbaer.com</a>
Internet	<a href="http://derivatives.juliusbaer.com">derivatives.juliusbaer.com</a>

**Investors must be aware that conversations on trading lines are recorded. No objection is assumed.**

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