

# Julius Bär

## 8.10% P.A. JB CALLABLE MULTI BARRIER REVERSE CONVERTIBLE (65%) ON VIFOR PHARMA AG, BASILEA PHARMACEUTICA, LONZA GROUP AG

(the "Products")

SSPA SWISS DERIVATIVE MAP<sup>®</sup> / EUSIPA DERIVATIVE MAP<sup>®</sup> BARRIER REVERSE CONVERTIBLE (1230)

### CONTINUOUS BARRIER OBSERVATION – PHYSICAL SETTLEMENT – CHF – QUARTERLY CALLABLE

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

A 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 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.

### I. Product Description

#### Terms

|                               |   |
|-------------------------------|---|
| Swiss Security Number (Valor) | 40671568  |
| ISIN                          | CH0406715687  |
| Symbol                        | MBNLJB  |
| Issue Size                    | up to CHF 20,000,000 (may be increased/decreased at any time) |
| Subscription Period           | 20 April 2018 – 27 April 2018, 12:00 CET                      |
| Issue Currency                | CHF   |
| Issue Price                   | 100.00% (per Product; including the Distribution Fee)         |
| Denomination                  | CHF 1,000.00  |

|                                 |  |
|---------------------------------|--|
| Maximum Yield                   | 10.10%   |
| Coupon                          | 8.10% p.a.   |
| <b>Initial Fixing Date:</b>     | <b>27 April 2018</b> , being the date on which the Initial Level and the Strike and the Barrier and the Ratio are fixed.           |
| <b>Issue Date/Payment Date:</b> | <b>07 May 2018</b> , being the date on which the Products are issued and the Issue Price is paid.                                  |
| <b>Final Fixing Date:</b>       | <b>29 July 2019</b> , being the date on which the Final Level will be fixed.   |
| <b>Last Trading Date:</b>       | <b>29 July 2019</b> , until the official close on the SIX Swiss Exchange, being the last date on which the Products may be traded. |
| <b>Final Redemption Date:</b>   | <b>06 August 2019</b> , being the date on which each Product will be redeemed at the Final Redemption Amount.                      |

**Table 1: Underlyings****Vifor Pharma AG (VIFN SW <EQUITY>; SIX Swiss Exchange)**

|                             |                                 |
|-----------------------------|---------------------------------|
| Initial Level <sup>3)</sup> | CHF 146.10 <sup>1)</sup>        |
| Strike <sup>3)</sup>        | CHF 146.10 (100%) <sup>2)</sup> |
| Break-even <sup>3)</sup>    | CHF 131.3409                    |
| Barrier <sup>3)</sup>       | CHF 94.965 (65%) <sup>2)</sup>  |
| Ratio <sup>3)</sup>         | 6.8446                          |

|                |                        |
|----------------|------------------------|
| Currency       | CHF                    |
| Valuation Time | Scheduled Closing Time |
| ISIN           | CH0364749348           |
| Valor          | 36474934               |

**Basilea Pharmaceutica Ltd (BSLN SW <EQUITY>; SIX Swiss Exchange)**

|                             |                                |
|-----------------------------|--------------------------------|
| Initial Level <sup>3)</sup> | CHF 67.70 <sup>1)</sup>        |
| Strike <sup>3)</sup>        | CHF 67.70 (100%) <sup>2)</sup> |
| Break-even <sup>3)</sup>    | CHF 60.8609                    |
| Barrier <sup>3)</sup>       | CHF 44.005 (65%) <sup>2)</sup> |
| Ratio <sup>3)</sup>         | 14.7710                        |

|                |                        |
|----------------|------------------------|
| Currency       | CHF                    |
| Valuation Time | Scheduled Closing Time |
| ISIN           | CH0011432447           |
| Valor          | 1143244                |

**Lonza Group Ltd (LONN SW <EQUITY>; SIX Swiss Exchange)**

|                             |                                 |
|-----------------------------|---------------------------------|
| Initial Level <sup>3)</sup> | CHF 244.50 <sup>1)</sup>        |
| Strike <sup>3)</sup>        | CHF 244.50 (100%) <sup>2)</sup> |
| Break-even <sup>3)</sup>    | CHF 219.8005                    |
| Barrier <sup>3)</sup>       | CHF 158.925 (65%) <sup>2)</sup> |
| Ratio <sup>3)</sup>         | 4.0900                          |

|                |                        |
|----------------|------------------------|
| Currency       | CHF                    |
| Valuation Time | Scheduled Closing Time |
| ISIN           | CH0013841017           |
| Valor          | 1384101                |

<sup>1)</sup> as of 27 April 2018 17:41 CET

<sup>2)</sup> in % of the Underlying's Initial Level

<sup>3)</sup> indicative

**Coupon**

|                      |  |
|----------------------|--|
| Interest Amount      | 0.00% p.a. (indicative) of the Denomination.   |
| Premium Amount       | 8.10% p.a. of the Denomination.  |
| Coupon Payment Dates | Being the date(s) on which the Issuer shall pay the Interest Amount and Premium Amount per Product to the Holders, unless previously redeemed, repurchased or cancelled. |

| Coupon Period | From and including the Start Date | To and excluding the End Date | Coupon Payment Date |
|---------------|-----------------------------------|-------------------------------|---------------------|
| 1st           | 07 May 2018                       | 07 August 2018                | 07 August 2018      |
| 2nd           | 07 August 2018                    | 07 November 2018              | 07 November 2018    |
| 3rd           | 07 November 2018                  | 07 February 2019              | 07 February 2019    |
| 4th           | 07 February 2019                  | 07 May 2019                   | 07 May 2019         |
| 5th           | 07 May 2019                       | 06 August 2019                | 06 August 2019      |

|  |   |
|--|---|
| Business Day Convention / Day Count Fraction | modified following, unadjusted / 30/360 |
|--|---|

The coupon is split into two components for Swiss tax purposes.

**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 or delivery of a number of Underlyings equal to the Final Redemption Amount to the Holder thereof.   |
| Final Redemption Amount     | (i) if <b>no</b> Barrier Event has occurred, a cash amount equal to <b>100%</b> of the Denomination; or<br>(ii) if a Barrier Event has occurred, and<br>(a) the Final Level of <b>each</b> Underlying is <b>at or above</b> its Strike, a cash amount equal to <b>100%</b> of the Denomination; or<br>(b) the Final Level of <b>at least one</b> Underlying is <b>below</b> its Strike, the number of Worst-Performing Underlyings specified in the Ratio of the Worst-Performing Underlying.<br><br>In case of a physical settlement according to scenario (ii) (b), the number of Worst-Performing Underlyings to be delivered will be rounded down to the nearest integral number of Underlyings. In addition, the holder will receive a cash amount in lieu for any fractional amount. |
| Settlement Type             | Physical settlement or cash settlement   |
| Ratio                       | with respect to each Underlying, the relevant Ratio specified in <b>Table 1</b> , being the number of Underlyings per Product based on the Strike of such Underlying.  |
| Worst-Performing Underlying | Out of all Underlyings, the Underlying in respect of which its Final Level divided by its Strike results in the <b>lowest</b> value.   |
| Level                       | with respect to each Underlying, the Share Price of such Underlying  |
| Initial Level               | with respect to each Underlying, the relevant Initial Level specified in <b>Table 1</b> , which is equal to 100% of its Level on the Initial Fixing Date, as determined by the Calculation Agent   |
| Final Level                 | with respect to each Underlying, its Level at the Valuation Time on the Final Fixing Date, as determined by the Calculation Agent  |
| Valuation Time              | with respect to each Underlying, the relevant Valuation Time specified in <b>Table 1</b>   |
| Strike                      | with respect to each Underlying, the relevant Strike specified in <b>Table 1</b> , which is equal to 100.00% of its Initial Level, as determined by the Calculation Agent  |
| Barrier                     | with respect to each Underlying, the relevant Barrier specified in <b>Table 1</b> , being 65.00% of its Initial Level  |
| Barrier Event               | If the Level of <b>any</b> Underlying at any time (observed continuously) on any Barrier Observation Date is <b>at or below</b> its Barrier.   |
| Barrier Observation Dates   | each Exchange Business Day during the Barrier Observation Period(s), being the dates on which the Level of each Underlying is observed for purposes of determining whether a Barrier Event has occurred.   |
| Barrier Observation Period  | from and including Initial Fixing Date to and including the Final Fixing Date  |

**Early Redemption**

|                                   |  |
|-----------------------------------|--|
| Issuer Call Option                | Unless previously redeemed, repurchased or cancelled, the Issuer may redeem the Products early in whole, but not in part, on any Optional Early Redemption Date at the Optional Early Redemption Price, provided that the Issuer has exercised such right on the relevant Call Option Exercise Date by notifying the Holders.  |
| Call Option Exercise Date         | with respect to any Optional Early Redemption Date, the relevant Call Option Exercise Date specified in the <b>Table 2</b> below, being the date on which the Issuer must exercise its Issuer Call Option in order to early redeem each Product at the Optional Early Redemption Price on such Optional Early Redemption Date (unless the Products are redeemed, repurchased or cancelled prior to such date). |
| Optional Early Redemption Date(s) | the Optional Early Redemption Dates specified in <b>Table 2</b> , being the date(s) on which the Issuer may early redeem each Product at the Optional Early Redemption Price (unless the Products are redeemed, repurchased or cancelled).   |
| Optional Early Redemption Price   | 100% of the Denomination   |

**Table 2**

| <b>Optional Early Redemption Date</b> | <b>Call Option Exercise Date</b> |
|---------------------------------------|----------------------------------|
| 07 August 2018                        | 30 July 2018                     |
| 07 November 2018                      | 31 October 2018                  |
| 07 February 2019                      | 31 January 2019                  |
| 07 May 2019                           | 29 April 2019                    |

**Swiss Taxation**

|                 |  |
|-----------------|--|
| Stamp duty      | Stamp duty is due on secondary market transactions in case the product's term exceeds one year. In case of delivery of an underlying, stamp duty is levied based on the strike price.  |
| Withholding tax | No Swiss Federal withholding tax.  |
| Income tax      | The coupon consists of an interest payment (0.00% p.a.) and a premium payment (8.10% p.a.). For private investors with tax residence in Switzerland, the interest part of the coupon is subject to income tax while the premium part of the coupon qualifies as tax free capital gain. |

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**

Barrier Reverse Convertibles are primarily targeted at investors expecting (i) the volatility of the Underlyings to decrease, (ii) the value of the Underlyings to remain constant or to slightly increase and (iii) that no Barrier Event will occur, in each case, throughout the term of the Products.

On the Final Redemption Date (if not early redeemed), a Product is redeemed at a cash amount equal to 100% of the Denomination if (i) no Barrier Event has occurred or (ii) a Barrier Event has occurred and the Final Level of each Underlying is at or above its Strike. Alternatively, if a Barrier Event has occurred and if the Final Level of at least one Underlying is below its Strike, a Product is redeemed on the Final Redemption Date (if not early redeemed) by delivery of a number of Worst-Performing Underlyings. In such case, the Final Redemption Amount is linked to the negative performance of the Worst-Performing Underlying.

The Products provide for a continuous observation of the Barrier.

**Product Documentation**

The complete and legally binding terms and conditions of the Products are set forth in the base prospectus for the issuance of Yield Enhancement 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 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**

|               |   |
|---------------|---|
| Issuer        | Bank Julius Baer & Co. Ltd., Guernsey Branch<br>(Rating: Moody's A2)<br>(Prudential Supervision: by the Swiss Financial Market Supervisory Authority FINMA) |
| Lead Manager  | Bank Julius Baer & Co. Ltd., Zurich   |
| Risk Category | Complex Product   |

|   |   |
|---|---|
| Product Category                                  | Yield Enhancement   |
| Product Type                                      | Barrier Reverse Convertible   |
| SSPA Code   | 1230 (with additional feature according to the SSPA Swiss Derivative Map©: Callable (the issuer has the right to cancel easily, however, there is no obligation to do so))  |
| 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  |
| Distribution Fee                                  | Up to 1.203% p.a. of the Issue Price (incl. VAT, if any);<br>The Distribution Fee will be allocated/paid to the internal and/or external Distributor.<br>For further details please see under section IV "Distribution Compensation/Distribution Allowances from and to Third Parties". |
| 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                  | Application will be made to list the Products on the SIX Swiss Exchange in the trading segment for Structured Products. It is expected that the Products will be provisionally admitted to trading as of 07 May 2018.   |
| Minimum Trading Lot / Minimum Subscription Amount | CHF 1,000.00  |
| 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   | The Products are traded in percentage of the Denomination at a clean price, <i>i.e.</i> , the trading price does not contain accrued interest or premium, which is calculated separately, and are booked accordingly.   |
| Clearing System                                   | SIX SIS AG  |
| Form  | Uncertificated Securities   |
| Governing Law / Jurisdiction                      | Swiss Law / Zurich 1, Switzerland   |

## II. Profit and Loss Prospects

The potential return on the Product is limited to the aggregate of the Interest Amounts and Premium Amounts scheduled to be paid under the Product. This means that the return on the Product is capped while a direct investment in the Underlyings typically is not.

The potential loss associated with an investment in such Products is linked to the negative performance of the Worst-Performing Underlying and corresponds to the difference between the invested amount and the aggregate of the Final Redemption Amount, which may be as low as zero, and the Interest Amounts and Premium Amounts. Although the Interest Amounts and the Premium Amounts will, subject to the issuer risk (see "III.1. Issuer Risk" below) and other extraordinary events (see "III.2. Early Redemption" below), be paid in any event, the loss resulting from the negative performance of the Worst-Performing Underlying may equal or even clearly exceed the Interest Amount and

Premium Amount payments. Investors therefore should be prepared to sustain a partial or total loss of their investment. Under certain circumstances described in the applicable Terms and Conditions, instead of receiving a cash amount in the Issue Currency upon redemption of the Product, holders of the Product will receive the number of Worst-Performing Underlyings, as specified in the Ratio in respect of such Underlying. In this case, the loss corresponds to the difference between the invested amount and the value of the number of the Worst-Performing Underlying specified in the respective Ratio. The value of the Worst-Performing Underlying may be considerably lower than the invested amount. Further, investors must take into consideration that upon delivery of the Worst-Performing Underlying as Final Redemption Amount, the loss will increase if the price of the Worst-Performing Underlying decreases after the Final Fixing Date.

### Redemption Scenarios

|                             |                      |
|-----------------------------|----------------------|
| Investment Amount           | CHF 1,000.00         |
| Worst-Performing Underlying | Vifor Pharma AG      |
| Initial Level               | CHF 146.10           |
| Strike                      | CHF 146.10 (100.00%) |
| Barrier                     | CHF 94.965 (65.00%)  |

| Final Level | Performance as per Final Fixing Date (in % of the Initial Level) | Final Redemption Amount – if Barrier Event has occurred      | Aggregated Interest Amount(s) and Premium Amount(s) | Profit/Loss in % of the Investment Amount | Redemption Amount (including Coupon) – if no Barrier Event has occurred | Profit/Loss in % of the Investment Amount |
|-------------|--|--|---|---|---|---|
| CHF 73.05   | -50%   | 6 Shares (value: CHF 438.30)<br>+ Fraction Amount CHF 61.70  | CHF 100.98  | -39.90%                                   |   |   |
| CHF 87.66   | -40%   | 6 Shares (value: CHF 525.96)<br>+ Fraction Amount CHF 74.04  | CHF 100.98  | -29.90%                                   |   |   |
| CHF 102.27  | -30%   | 6 Shares (value: CHF 613.62)<br>+ Fraction Amount CHF 86.38  | CHF 100.98  | -19.90%                                   | CHF 1,100.98  | +10.10%                                   |
| CHF 116.88  | -20%   | 6 Shares (value: CHF 701.28)<br>+ Fraction Amount CHF 98.72  | CHF 100.98  | -9.90%                                    | CHF 1,100.98  | +10.10%                                   |
| CHF 131.49  | -10%   | 6 Shares (value: CHF 788.94)<br>+ Fraction Amount CHF 111.06 | CHF 100.98  | +0.10%                                    | CHF 1,100.98  | +10.10%                                   |
| CHF 146.10  |  | CHF 1,000.00   | CHF 100.98  | +10.10%                                   | CHF 1,100.98  | +10.10%                                   |
| CHF 160.71  | +10%   | CHF 1,000.00   | CHF 100.98  | +10.10%                                   | CHF 1,100.98  | +10.10%                                   |
| CHF 175.32  | +20%   | CHF 1,000.00   | CHF 100.98  | +10.10%                                   | CHF 1,100.98  | +10.10%                                   |
| CHF 189.93  | +30%   | CHF 1,000.00   | CHF 100.98  | +10.10%                                   | CHF 1,100.98  | +10.10%                                   |

The above described redemption scenarios serve exclusively to illustrate the profit and loss prospects and are based on hypothetical price/level developments and calculated based on the value of the Underlying at the Final Fixing Date and on the assumption that the shares of Vifor Pharma AG are the Worst-Performing Underlying. These figures are neither an indicator nor a warranty of future price/level developments of the Underlyings and the market value of the Product.

### 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 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

and any Payout Amounts, Interest Amounts and Premium Amounts scheduled to be paid thereunder may not be paid. Prospective investors should therefore be prepared to sustain a partial or total loss of the amount of their investment therein.

#### **Capped Profit Potential**

Investors in Products should be aware that the profit potential in relation thereto is capped. Therefore, an investment in Products may lead to a lower return than a direct investment in the Underlying(s).

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

#### **Early Redemption**

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

Upon the occurrence of an extraordinary event, the Calculation Agent and the Issuer, acting together, have the right to, among other things, early redeem the relevant Products. Furthermore, the Issuer has the right to redeem the Product at any Optional Early Redemption Date. 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.

#### **Further product specific risks**

Investors should be aware that an investment in the Products generally results in a loss upon redemption if a Barrier Event has occurred during the term of the Products and the Final Level of at least one Underlying is below the relevant Strike. A Barrier Event will occur if the value of at least one of the Underlyings at any time (observed continuously) on any Barrier Observation Date is at or below its Barrier. The potential loss associated with an

investment in such Products is linked to the negative performance of the Worst-Performing Underlying.

In the case of a physical settlement, delivery of the Worst-Performing Underlying will not be made on the date of valuation of the Underlyings, but on the Final Redemption Date (or the first Delivery Day thereafter). Accordingly, an investor in the Products will be exposed to the risk that the value of the Worst-Performing Underlying to be delivered will decline between the date of valuation and the time of delivery. Furthermore, if the Product is physically settled, any investor therein will be exposed to the risks relating to the Worst-Performing Underlying to be delivered (i.e. the Share, Share Issuer). Investors in the Products should be prepared to sustain a partial or total loss of their investment.

Furthermore, investors in products linked to multiple Underlyings that are exposed to the performance of the Worst-Performing Underlying only should be aware that the risk of the occurrence of a Barrier Event is generally greater than in case of products linked to a single Underlying or to multiple Underlyings with a basket feature, because a Barrier Event will be deemed to have occurred even if the value of only one of the Underlyings is at or below its Barrier.

Furthermore, investors in the Products should be aware the Products provide for an Issuer Call Option, i.e. the Issuer is

entitled to redeem the Products in whole but not in part prior to the Final Redemption Date. The Issuer is likely to early redeem such Products when its cost of borrowing is lower than the yield on such Products. As a result, (i) if the Issuer exercises its right to early redeem the Products, investors in such Products will not be able to participate in any performance of the Underlying(s) after the date of such early redemption and (ii) investors in such Products may incur additional transaction costs as a consequence of reinvesting proceeds received upon any early redemption and the conditions for such a reinvestment may be less favourable than the relevant investor's initial investment in the Products. If the Issuer exercises its call option, investors should note that no Interest Amounts or Premium Amounts that would otherwise have been due after the date of such early redemption will be paid.

Investors in the Products should be prepared to sustain a partial or total loss of their investment.

#### **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

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 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 or the third party, as the case may be, may conflict with 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/](http://www.six-swiss-exchange.com/news/official_notices/)

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

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[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, 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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