

## Purpose

This document provides you with key information about this investment product. It is not marketing material, investment advice, or an invitation or offering to purchase the product. It is information required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

## Product

<b>Product name:</b>	FX swap
<b>Product manufacturer:</b>	Bank Julius Baer & Co. Ltd, Switzerland (Julius Baer)
<b>Website:</b>	<a href="https://derivatives.juliusbaer.com/en/home">https://derivatives.juliusbaer.com/en/home</a>
<b>Phone number:</b>	+41 58 888 87 58
<b>Competent authority:</b>	The Manufacturer is regulated by the Swiss Financial Market Supervisory Authority FINMA. FINMA is not the competent authority in the technical sense of the EU regulation 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), since Switzerland is not a member of the EU.
<b>Date and time of production:</b>	16 <sup>th</sup> January 2018, 1:31 p.m. CET

**You are about to purchase a product that is not simple and may be difficult to understand.**

## 1. What is this product?

**Type**  
 FX swaps are derivative based contracts. A derivative is a financial contract, which derives its value from the value of another underlying instrument, asset or index, in this case the underlying currency.

**Objectives**  
 A FX swap is an agreement between two parties about two combined transactions. Those consist of a long/short FX transaction (normally spot/near leg) and an inverse short/long FX forward transaction (far leg) in the same currency pair over usually the same amount.

The objective of this product is (1) on the **effective date**, to provide for the exchange of an agreed amount of one currency for another currency at the current FX rate (the **FX spot rate**) and (2) on the **settlement date**, to provide for the exchange of the same or different amounts in the same two currency pairs but in the opposite direction at a pre-agreed FX rate. This may be used to provide protection from adverse movements, in FX currency rates.

**Intended retail investor**  
 Potential customers of FX swaps comprise of professional clients and retail clients with extensive knowledge and/or experience in derivative financial products. It can be used for the purpose of procuring liquidity to fund transactions or balances in a foreign currency, for hedging currency or interest rate developments in existing positions, and for speculative trading, for a short-term, mid-term or long-term investment horizon, depending on the maturity date of the forward leg.  
 The potential customer must be able to bear financial losses, and does not require capital protection (repayment of the invested capital is not guaranteed). Before entering into an FX Swap, you must make your own independent assessment on whether to enter into such a contract and whether it is appropriate for you based on your knowledge and experience, your financial situation, and your investment needs, according to your own judgment and the recommendation from the persons advising this product to you.

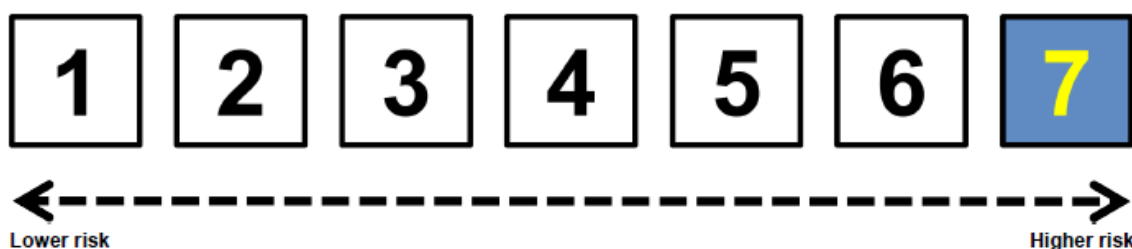
## 2. What are the risks and what could I get in return?

### Risk indicator

The summary risk indicator is a guide to the level of risk of these products compared to other products. It shows how likely it is that a product will lose money because of movements in the markets or because of a default risk of the issuer or counterparty.

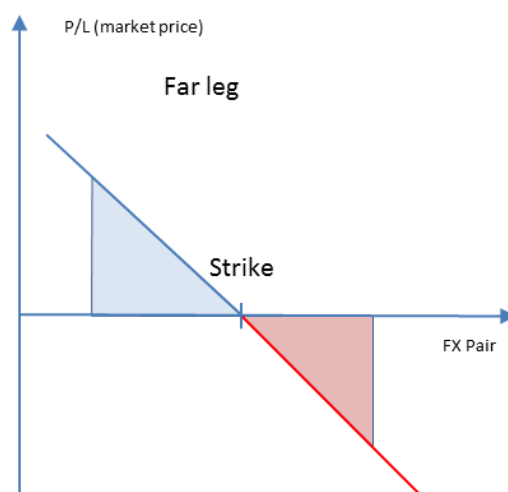
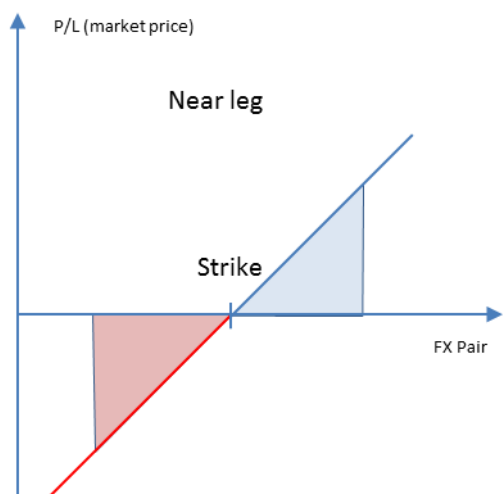
We have classified FX swaps as 7 out of 7, which is the highest risk class, as the total loss you may incur may be significant, based on the following risks involved in FX swaps:

- a) Credit risk: if your counterparty defaults on its obligations
- b) Currency exchange rate risk: by fixing the exchange rates, you may forego the opportunity of profiting from a favorable exchange rate movement.
- c) Interest rate risk: the price of the forward contract is dependent on the interest rates that can be earned with each of the two currencies involved. An unfavourable change in interest rates before maturity of the forward leg may cause you to forego a higher interest rate collection or the value of the swap to decrease.



In some circumstances, you may be required to make payments to pay for losses. The total loss you may incur may be significant. These products do not include any protection from future market performance so you could incur significant losses.

## Profit and Loss Prospect



These graphs illustrate how your investment could perform. You can compare them with the pay-off graphs of other derivatives. The graphs presented give a range of possible outcomes and are not an exact indication of what you might get back.

What you get will vary depending on how the underlying will develop. For each value of the underlying, the graph shows what the profit or loss of the product would be at maturity. The horizontal axis shows the various possible prices of the underlying value on the expiry date and the vertical axis shows the profit or loss.

The figures do not take into account your personal tax situation, which may also affect how much you get back. Depending on the chosen product, you will receive payments in a currency different from your reference currency. The final return you will get in your reference currency may be different from the illustrations above. The figures shown consider the costs of the product itself, but do not include all the costs that you pay to your advisor, distributor or custodian.

### 3. What happens if the manufacturer is unable to pay out?

In the case of insolvency or bankruptcy of the manufacturer, the retail investor is exposed to the risk that the manufacturer might be unable to meet its obligations in connection with the product. This product is not subject to any statutory or other deposit guarantee scheme or any other type of warranty. If the manufacturer is no longer able to meet its payment obligations, you may suffer a partial, full or even your investment amount exceeding loss. In the case of bankruptcy, the competent resolution authority may prescribe a premature termination of the derivative instrument. If, as a result of the termination, a payment claim on the end of the retail investor should arise, the competent authority's termination order may result in it being written down in part or in full.

### 4. What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The figures are estimates and may change in the future.

#### Cost over time

Total costs (based on 10'000.- in investment ccy)	6.-
Impact on Return (RIY)	0.06% - 0.50%

#### Composition of costs

Cost Category	Cost Type	See	Description
One-Off costs	Entry costs	See Total costs	The impact of the costs you pay when entering into your investment. When entering your investment you will be charged a one-off commission in % depending on the trade volume and the currency pair.
	Exit costs	n/a	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Transaction costs	n/a	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	n/a	The impact of the costs that we take each year for managing your investments.
	Performance fees	n/a	The impact of the performance fees. We take these from your investment if the product outperforms its benchmark.
Incidental costs	Carried interests	n/a	The impact of carried interest.

### 5. How long should I hold it and can I take money out early?

The illustrated holding period of an FX swap is the pre-defined maturity date of the forward leg. The customer can exit the exposure to an FX swap by entering another FX swap with an inverse spot and forward transaction including the same currency pair and strike price. The reverse swap will trigger entry costs, which may be higher than the entry cost of the original swap.

Exchange Listed	n/a	Price quotation	nominal
Smallest tradable unit	n/a		

## 6. How can I complain?

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Any complaint regarding the conduct of the persons advising on, or selling, the product can be submitted directly to these persons or their supervisors. Any complaint regarding the product or the conduct of the manufacturer of this product can be addressed in writing to the following address: Bank Julius Baer & Co. Ltd., Hohlstrasse 604/606, P.O. Box, 8010 Zurich, Switzerland, or by email to: [derivatives@juliusbaer.com](mailto:derivatives@juliusbaer.com) or at the following website: <https://derivatives.juliusbaer.com/en/home>.

## 7. Other relevant information

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General information on financial instruments can be requested free of charge at <https://derivatives.juliusbaer.com/en/home>. If the preparation of issuance programme documentation is required for a product, please consult also these documents, such as the Termsheet, Prospectus, etc., and request it from your client advisor or free of charge from <https://derivatives.juliusbaer.com/en/home>.

This product may not be offered or sold, directly or indirectly, in the United States of America or to U.S. persons. The term "U.S. person" is defined in Regulation S under the U.S. Securities Act of 1933, as amended.