

# 8.00% p.a. EUR Kick-In GOAL

Linked to worst of Euro STOXX 50® / Nikkei 225 / Hang Seng China Enterprises Index

With Early Redemption Feature

Issued by UBS AG, London Branch



Cash settled; Quanto Style

SVSP/EUSIPA Product Type: Barrier Reverse Convertible (1230, Auto-Callable)

Valor: 38458988 / SIX Symbol: KAJYDU

## Indicative Terms

This Product does not represent a participation in any of the collective investment schemes pursuant to Art. 7 ff of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, Investors in this Product are not eligible for the specific investor protection under the CISA. Moreover, Investors in this Product bear the issuer risk.

This document (Indicative Terms) constitutes the non-binding Indicative Simplified Prospectus for the Product described herein. It does not constitute a binding offer, contains indicative terms and conditions subject to change and can be obtained free of charge from UBS AG, P.O. Box, CH-8098 Zurich (Switzerland), via telephone (+41-(0)44-239 47 03), fax (+41-(0)44-239 69 14) or via e-mail (swiss-prospectus@ubs.com). The Final Simplified Prospectus will be made available at the Issue Date. The relevant version of this document is stated in English; any translations are for convenience only. For further information please refer to paragraph «Product Documentation» under section 4 of this document.

## 1. Description of the Product

### Information on Underlying

| Underlying(s)  | Initial Underlying Level (indicative) | Strike Level (indicative) | Early Redemption Level (indicative) | Kick-In Level (indicative) | Conversion Ratio (indicative) |
|--|---------------------------------------|---------------------------|-------------------------------------|----------------------------|-------------------------------|
| <b>Euro STOXX 50® Index</b><br>Bloomberg: SX5E /<br>Valor: 846480                | 3,594.96                              | 3,594.96<br>(100.00%)     | 3,594.96<br>(100.00%)               | 2,480.5224<br>(69.00%)     | 1:0.2782                      |
| <b>Nikkei 225</b><br>Bloomberg: NKY /<br>Valor: 998407                           | 20,881.27                             | 20,881.27<br>(100.00%)    | 20,881.27<br>(100.00%)              | 14,408.0763<br>(69.00%)    | 1:0.0479                      |
| <b>Hang Seng China Enterprises Index</b><br>Bloomberg: HSCEI /<br>Valor: 1306045 | 28,389.57                             | 28,389.57<br>(100.00%)    | 28,389.57<br>(100.00%)              | 19,588.8033<br>(69.00%)    | 1:0.0352                      |

### Product Details

|   |   |
|---|---|
| Security Numbers                        | Valor: 38458988 / ISIN: CH0384589880 / WKN: UW4VG2  |
| SIX Symbol                              | KAJYDU  |
| Issue Size                              | up to EUR 3,000,000 (with reopening clause)   |
| Denomination / Nominal                  | EUR 1,000   |
| Issue Price                             | 100% (percentage quotation)   |
| Settlement Currency                     | EUR (Quanto)  |
| Quarterly Payment (Coupon) (indicative) | 8.00% p.a., paid quarterly in arrears. Coupon payment per Denomination will be EUR 20.00 on the relevant Coupon Payment Date(s).<br>For Swiss tax purposes the Coupon payment is split into two components:<br>0.00% interest component |

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**Product Hotline:** +41-44-239 76 76\*

Investors outside of Switzerland should consult their local client advisors.

Please note that calls made to the numbers marked with an asterisk (\*) may be recorded. Should you call one of these numbers, we shall assume that you consent to this business practice.

|              |   |
|--------------|---|
| Quanto Style | 8.00% premium component   |
| Quoting Type | The Redemption is not subject to the JPY/EUR and HKD/EUR exchange rate.<br>Secondary market prices are quoted in percentage and clean; accrued interest is NOT included in the price. |

## Dates

|                                      |  |
|--------------------------------------|--|
| Launch Date                          | 12 October 2017  |
| Subscription Period                  | Until 25 October 2017, 15:00 CEST<br>(Please note that Subscription Period might be closed earlier, if market conditions change or if maximum size is reached) |
| Pricing Date ("Pricing")             | 25 October 2017 (or when Subscription Period ends).  |
| First SIX Trading Date (anticipated) | 01 November 2017   |
| Payment Date (Issue Date)            | 01 November 2017   |
| Observation Date(s)                  | 24 April 2018, 25 July 2018 and 25 October 2018 (subject to Market Disruption Event provisions)  |
| Coupon Payment Date(s)               | 01 February 2018, 02 May 2018 (Due Date 01 May 2018), 01 August 2018 and 01 November 2018  |
| Last Trading Day/Time                | 25 October 2018 / 17:15 CEST   |
| Expiration Date ("Expiry")           | 25 October 2018 (subject to Market Disruption Event provisions)  |
| Redemption Date                      | 01 November 2018 (subject to Market Disruption Event provisions)   |

## Redemption

The Investor is entitled to receive from the Issuer an amount in the Settlement Currency, according to the following scenarios:

|                        |   |
|------------------------|---|
| Scenario 1             | If an <b>Early Redemption Event has occurred</b> , the product will be early redeemed at 100% of the Nominal in cash on the next Coupon Payment Date following the Early Redemption Event.  |
| Scenario 2             | If <b>NO Kick-In Event and NO Early Redemption Event</b> has occurred, the Investor will receive 100% of the Nominal in cash on the Redemption Date.  |
| Scenario 3             | If a <b>Kick-In Event has occurred and NO Early Redemption Event has occurred</b> and<br><b>1)</b> If the Expiration Value of <b>all</b> Underlyings is <b>at or above</b> the respective Strike Level, the Investor will receive 100% of the Nominal in cash on the Redemption Date.<br><b>2)</b> If the Expiration Value of <b>one or more</b> Underlyings is <b>below</b> the respective Strike Level, the Investor will receive an amount equivalent to the Expiration Value of the Underlying on the Redemption Date with the <b>worst performance</b> since the Pricing Date taking into account the relevant Conversion Ratio.<br>The coupon payment is due in any case. |
| Kick-In Event          | A Kick-In Event shall be deemed to occur if, at any time on any Exchange Business Day during the period from and including the Pricing Date to and including the Expiration Date, the level of <b>any</b> of the Underlyings quoted by the Related Exchange is <b>at or below</b> the respective Kick-In Level, as reasonably determined by the Calculation Agent.  |
| Expiration Value       | Official closing value of the Underlying on the Expiration Date on the Related Exchange, as determined by the Index Sponsor(s).   |
| Early Redemption Event | An Early Redemption Event shall be deemed to occur if, on one of the Observation Dates the closing price of all Underlyings is at or above the Early Redemption Level, as reasonably determined by the Calculation Agent. In this case the product will be early redeemed on the next Coupon Payment Date following the Early Redemption Event.   |

## Product Structure

The Kick-In GOAL worst-of style with Early Redemption is a product that provides a fixed coupon and the redemption is linked to the performance of the worst performing Underlying.

As long as no Kick-In Event or an Early Redemption Event has occurred, the Investor will in any event receive 100% of the Nominal in cash. Otherwise, the Investor will receive

- 100% of the Nominal in cash, if at Expiry all Underlyings close at or above the respective Strike Level; or

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- a value reflecting the performance of the worst performing Underlying, if at Expiry one or more Underlyings close below the Strike Level.

The Coupon will be paid out in any scenario. The Product offers a relatively high coupon in return for not profiting from gains above the strike level and for taking the risk of a loss potential equivalent to a direct investment in the worst performing Underlying.

In addition to a standard Worst-of Kick-In GOAL, this Worst-of Kick-In GOAL contains an early redemption feature: If the closing prices of all Underlyings are on any Observation Date at or above the Early Redemption Level, this Worst-of Kick-In GOAL will early redeem at 100% of the Nominal in cash.

## General Information

|                              |  |
|------------------------------|--|
| Issuer                       | UBS AG, Zurich and Basel, Switzerland, acting through its London Branch  |
| Issuer Rating                | A1 Moody's / A+ S&P's / AA- Fitch  |
| Issuer Supervisory Authority | Swiss Financial Market Supervisory Authority (FINMA). London Branch additionally Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA). Jersey Branch additionally Jersey Financial Services Commission (JFSC).  |
| Lead Manager                 | UBS AG, Zurich (UBS Investment Bank)   |
| Calculation Agent            | UBS AG, London Branch  |
| Paying Agent                 | UBS Switzerland AG   |
| Related Exchange             | The exchanges on which components comprising the Underlying are traded, as determined by the Index Sponsor from time to time.  |
| Index Sponsors               | STOXX Limited, Nikkei Inc., Hang Seng Data Services Ltd  |
| Listing                      | Listing on SIX Swiss Exchange will be applied for.   |
| Secondary Market             | The Issuer or the Lead Manager, as applicable, intends, under normal market conditions, to provide bid and/or offer prices for this Product on a regular basis. However, the Issuer or the Lead Manager, as applicable, makes no firm commitment to provide liquidity by means of bid and/or offer prices for this Product, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. Daily price indications, if any, will be available on Reuters/Bloomberg, <a href="http://www.ubs.com/keyinvest">www.ubs.com/keyinvest</a> and SIX Financial Information from 09:15 - 17:15 (CET). |
| Interest Calculation         | 30/360   |
| Business Day Convention      | Following Unadjusted   |
| Business Day                 | TARGET2  |
| Minimum Investment           | EUR 1,000 (subject to Selling Restrictions)  |
| Minimum Trading Lot          | EUR 1,000  |
| Clearing                     | SIX SIS, Euroclear, Clearstream (registered as intermediated securities with SIX SIS AG, in Switzerland)   |
| Form of Deed                 | Uncertificated Securities  |
| Governing Law / Jurisdiction | Swiss / Zurich   |
| Adjustments                  | The terms of the Product may be subject to adjustments during its lifetime. For clients outside of the United Kingdom, any changes with regard to the terms of this Product shall be published on the internet at <a href="http://www.ubs.com/keyinvest">www.ubs.com/keyinvest</a> . Detailed information on such adjustments is to be found in the Product Documentation.   |
| Public Offering              | Switzerland  |
| Distribution Fee             | None   |

## Tax Treatment Switzerland

|                           |   |
|---------------------------|---|
| Swiss Transfer Stamp Duty | The product does not qualify as a taxable security. Transactions are not subject to Swiss Stamp Duty.   |
| Swiss Income Tax          | For Swiss tax purposes this product is qualified as a combination of an option and a bond with the majority of the return consisting of coupon as opposed to discount or agio (non IUP). For private investors resident in Switzerland the interest component of the coupon and the increase of the bond floor (if any) are subject to income tax. The tax liability related to the increase of the bond floor crystallises at redemption and does not depend |

on the time of purchase. However, any gain derived from the option is considered as capital gain and is therefore for such investors not subject to income tax.

Swiss Withholding Tax

This product is not subject to the Swiss Issuer Withholding Tax. It depends on the jurisdiction of the issuer whether a foreign issuer withholding tax applies.

The tax information only provides a general overview over the Swiss tax consequences linked to this product based on the tax laws and the practice of the tax administration at the time of issue. Tax laws and the practice of tax administrations may change, possibly with retroactive effect.

**Classification**

This Product does not represent a participation in any of the collective investment schemes pursuant to Art. 7 ff of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, Investors in this Product are not eligible for the specific investor protection under the CISA. Moreover, Investors in this Product bear the issuer risk.

Furthermore, this Product does not benefit from any depositor protection under Art. 37a under the Swiss Federal Law on Banks and Savings Banks (Banking Act) or other forms of deposit insurance under any other law as might be applicable to this Product.

**2. Prospects of Profits and Losses**

Market Expectation

Investors in this Product expect all Underlyings to trade sideways. In any case Investors expect that none of the Kick-In Levels will be touched.

Effect of the performance of the Underlying on redemption amount or on delivery obligation:

- Positive performance If all Underlyings perform positively, Investors realise a positive return.
- Sideways to slightly negative performance If all Underlyings perform sideways to slightly negative, Investors still realise a positive return.
- Pronounced negative performance If one of the Underlyings performs negatively and additionally the Kick-In Level has been touched, Investors may lose some or all of their investment (irrespective of the performance of the other Underlyings).

Maximum Return

The profit potential is limited to the coupon payment(s).

Maximum Loss

Investors may lose some or all of the investment as they are fully exposed to the performance of the worst performing Underlying.

**3. Significant Risks for Investors**

General risk warning

Potential Investors should understand the risks associated with an investment in the Product and shall only reach an investment decision after careful considerations with their legal, tax, financial and other advisors of (i) the suitability of an investment in the Product in the light of their own particular financial, fiscal and other circumstances; (ii) the information set out in this document and (iii) the Underlying(s). The following is a summary of the most significant risks. Further risks are set out in the Product Documentation.

Risk Tolerance

Investors in this Product should be experienced Investors and familiar with both derivative products and the stock markets. Although Investors benefit from a predefined, regular coupon payment, they must be willing to make an investment that is exposed to the full down-side risk of the worst performing Underlying.  
 A high coupon can indicate a higher risk, in that the rate of the coupon relative to the rate of the risk-free return indicates the overall risk of the product.  
 Multiple Underlyings (with worst-of feature) allow for a higher return, but at the same time increase the overall risk to Investors.

**Product specific risks**

Loss Potential

Investors may lose some or all of the investment as they are fully exposed to the performance of the worst performing Underlying.

Capital Protection (at Expiry)

None

|   |   |
|---|---|
| Risk Potential in comparison to a direct investment in the Underlying | The Kick-In Levels limit the risk exposure compared to a direct investment. However, once one of the Kick-In Levels is touched, the risk potential is similar as with a direct investment in the worst performing Underlying.   |
| Issuer Call right   | None, but an automatic Early Redemption may occur.  |
| Stop Loss Event   | None  |
| Extraordinary termination risk  | The Product contains terms and conditions that allow the Issuer to terminate and redeem the Product prior to the Redemption Date. In case of such extraordinary termination, the Issuer shall pay to the Investors an extraordinary termination amount as determined by the Calculation Agent which is usually equivalent to the market value of the Product. Potential Investors should note that the extraordinary termination amount may deviate from and may be considerably below the amount which would be payable pursuant to the final redemption provisions on the Redemption Date. Investors are not entitled to request any further payments on the Product after the termination date.  |
| Adjustment risk   | Potential Investors should be aware that it cannot be excluded that certain events occur or certain measures are taken (by parties other than the Issuer) in relation to the Underlying(s) which can lead to changes to the Underlying(s) or its concept (e.g. corporate events of a company whose shares constitute an Underlying, market disruption events or other circumstances affecting normal activities). In the case of the occurrence of such events or measures, the Issuer and/or the Calculation Agent are entitled to effect adjustments according to the Product Documentation. Such adjustments might have a negative impact on the value of the Product.   |
| Illiquidity risk in secondary market                                  | <p>The Issuer or the Lead Manager, as applicable, intends, under normal market conditions, to provide bid and/or offer prices for this Product on a regular basis. However, the Issuer or the Lead Manager, as applicable, makes no firm commitment to provide liquidity by means of bid and/or offer prices for this Product, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices.</p> <p>Potential Investors therefore should not rely on the ability to sell this Product at a specific time or at a specific price. Potential Investors should note that prices quoted typically include a spread and therefore may deviate from the market value of the Product. In special market situations, where the Issuer is completely unable to enter into hedging transactions, or where such transactions are very difficult to enter into, the spread between the bid and offer prices in the secondary market may be temporarily expanded, in order to limit the economic risks of the Issuer. Hence, Investors might sell at a price considerably lower than the actual price of the Product at the time of its sale. By selling the Product in the secondary market Investors may receive less than the capital invested.</p> <p>In case of a secondary market transaction, there is a possibility that costs, including taxes, related to or in connection with the Product may arise for Investors that are not paid by the Issuer or imposed by the Issuer.</p> |
| Market Disruption risk  | Investors are exposed to market disruption events (such as trading disruption, exchange disruption and early closure of the relevant exchange), which could have an impact on the redemption amount through delay in payment, change in value or suspension of trading in the Product in the secondary market. For a detailed description of such events and their effects please refer to the Product Documentation.   |
| Withholding tax   | Investors in this Product should note that any payment under this Product may be subject to withholding tax (such as, inter alia, Swiss Withholding Tax, and/or withholding related to FATCA or 871(m) of the US Tax Code). <b>Any payments due under this Product are net of such tax.</b> Please refer to the General Terms and Conditions for detailed information. If the Issuer is required to withhold any amount pursuant to Section 871(m) or FATCA of the U.S. Tax Code, the Issuer will not be required to pay additional amounts with respect to the amount so withheld.   |

### Risk Factors relating to the Issuer

In addition to the market risk with regard to the development of the Underlying, each Investor bears the general risk that the financial situation of the Issuer could deteriorate. The Products constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, particularly in case of insolvency of the Issuer, rank pari passu with each and all other current and future unsecured

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## 4. Additional Information

### Product Documentation

This document ("**Indicative Terms**") constitutes the non-binding Indicative Simplified Prospectus for the Product and contains the information required by Article 5 CISA and the corresponding Guidelines of the Swiss Bankers Association. The prospectus requirements of Article 652a/Article 1156 of the Swiss Code of Obligations are not applicable. The Indicative Simplified Prospectus contains indicative terms and conditions subject to change. The Final Simplified Prospectus in accordance with Article 5 CISA will be made available on the Issue Date.

These Indicative Terms (Indicative Simplified Prospectus) together with the 'General Terms and Conditions for Structured Products on Equity, Commodity and Index Underlyings', stipulated in English and as amended from time to time, ("**General Terms and Conditions**") shall form the non-binding and indicative documentation for this Product ("**Indicative Product Documentation**"), and accordingly the Indicative Terms should always be read together with the General Terms and Conditions. The Indicative Simplified Prospectus may be provided in various languages, however, only the English version will be relevant and any translations are for convenience only. Definitions used in the Indicative Terms, but not defined therein shall have the meaning given to them in the General Terms and Conditions. In the event that the Product will be listed (see above item 'Listing' under «General Information»), the Product Documentation will be amended in accordance with the listing requirements of the relevant exchange.

The Indicative Product Documentation can be obtained free of charge from UBS AG, P.O. Box, CH-8098 Zurich (Switzerland), via telephone (+41-(0)44-239 47 03), fax (+41-(0)44-239 69 14) or via e-mail ([swiss-prospectus@ubs.com](mailto:swiss-prospectus@ubs.com)). In addition, for clients outside of the United Kingdom, the Indicative Product Documentation is available on the internet at [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest). Notices in connection with this Product shall be validly given by publication as described in the General Terms and Conditions. Furthermore, for clients outside of the United Kingdom, any changes with regard to the terms of this Product shall be published on the internet at [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest).

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## Selling Restrictions

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**Any Products purchased by any person for resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further documentation relating to this Product in such jurisdiction.**

**The restrictions listed below must not be taken as definitive guidance as to whether this Product can be sold in a jurisdiction. Additional restrictions on offering, selling or holding of this Product may apply in other jurisdictions. Investors in this Product should seek specific advice before on-selling this Product.**

**Europe** - Any public offer of this Product within an EEA jurisdiction (EU member states plus Norway, Iceland and Liechtenstein) shall only be possible if compliant with the requirements of the EUPD and with the law of that jurisdiction.

If the prospectus has not been approved, where necessary passported, and published in accordance with the requirements of the EU-Prospectus Directive, this Product may not be offered or sold in the relevant EEA jurisdictions other than 1) in denominations, or total consideration per investor, of at least EUR 100,000 (or equivalent in other currencies); 2) to any legal entity which is a qualified investors as defined in the EU-Prospectus Directive; 3) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU-Prospectus Directive) per EEA jurisdiction, or 4) in any other circumstances falling within Article 3 (2) of the Prospectus Directive.

For information on public offering in EEA jurisdictions please see under section "General Information" above.

**Contact:** UBS AG, P.O. Box, 8098 Zürich

**Internet:** [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest)

**Private Investors:** Please contact your client advisor or send an email to [keyinvest@ubs.com](mailto:keyinvest@ubs.com)

**Product Hotline:** +41-44-239 76 76\*

Investors outside of Switzerland should consult their local client advisors.

Please note that calls made to the numbers marked with an asterisk (\*) may be recorded. Should you call one of these numbers, we shall assume that you consent to this business practice.

**Hong Kong** - Each purchaser has represented and agreed that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Products, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Products which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

**This is a structured product which involves derivatives. Do not invest in it unless you fully understand and are willing to assume the risks associated with it. If you are in any doubt about the risks involved in the product, you may clarify with the intermediary or seek independent professional advice.**

**Singapore** - This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of this Product may not be circulated or distributed, nor may this Product be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A) and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where this Product is subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant of an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276 (4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

(4) as specified in Section 276 (7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

**UK** - For the purpose of non-discretionary accounts, this Product should not be sold with a consideration of less than EUR 100,000 or equivalent.

**USA** - This Product may not be sold or offered within the United States or to U.S. persons.

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