

Tracker Certificates

Linked to the Defensive Risk Premia Total Return Portfolio
Issued by UBS AG, London Branch



Cash settled
SVSP/EUSIPA Product Type: Tracker Certificates (1300, Callable)
Valor: 37154584 / ISIN: CH0371545846 / WKN: UW9Z7W

Final 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 is a structured product which may involve derivatives. It is aimed at sophisticated and/or qualified investors pursuant to Article 10 Paragraphs 3, 3bis, 3ter and 4 CISA and the related Ordinance. It is only suitable for sophisticated investors. Prospective purchasers of this Product should ensure that they understand the nature of the Product and the extent of their exposure to risks and that they consider the suitability of the Product as an investment in the light of their own circumstances and financial condition and may clarify with their intermediary or seek independent professional advice. This Product involves a high degree of risk, including the risk of it expiring worthless. Potential investors should be prepared to sustain a total loss of the purchase price of their investment.

This document (Final Terms) constitutes the Simplified Prospectus for the Product described herein; it 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 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 | Initial Underlying Level |
| Defensive Risk Premia Total Return Portfolio (the "Total Return Portfolio" or the "Underlying") (as further described in Annex 1) | USD 10,000 |

The Total Return Portfolio aims to provide investors with exposure to a USD denominated Portfolio (as described in Annex 2) and a USD denominated synthetic cash account. The Portfolio, in turn, provides exposure to a basket of constituents (each a "Portfolio Constituent" and together the "Portfolio Constituents"). Each Portfolio Constituent represents exposure, net of interest rates (if applicable) and costs, to an Underlying Portfolio Constituent that is a risk premia index owned by UBS AG. The composition of the Portfolio is rebalanced on a monthly basis in accordance with a risk budgeted allocation mechanism which allows each Portfolio Constituent in the Portfolio to contribute a specified amount of risk to the Portfolio. The pre-determined scoring methodology which determines the amount of risk assigned to each Portfolio Constituent is described in Annex 2.

| k | Underlying Portfolio Constituents | Bloomberg Code | Currency | Carry Cost (in bps) | Transaction Cost* (in bps) | Weight Cap* | Initial Underlying Portfolio Constituent Level |
|---|--|----------------|----------|---------------------|----------------------------|-------------|--|
| 1 | UBS Delta Hedged Strangle US Index | MBCIDUSE Index | USD | 50 | 15 | 50% | 296.2000 |
| 2 | UBS Delta Hedged Strangle Europe Index | MBCIDESE Index | EUR | 50 | 15 | 50% | 228.7200 |
| 3 | UBS FX Carry G10 Index | UISFC1UE Index | USD | 10 | 3 | 75% | 198.1334 |
| 4 | UBS Constant Maturity Dividend Index | MBCICMDI Index | EUR | 50 | 50 | 7% | 162.7300 |

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

Private Investors: Please contact your client advisor or send an email to keyinvest@ubs.com

Internet: www.ubs.com/keyinvest

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.

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|----|------------------------------------------|----------------|-----|----|----|------|------------|
| 5  | UBS Custom UBSIBT4E CABNS T4 Index       | UBSIBT4E Index | USD | 30 | 5  | 167% | 1,266.4300 |
| 6  | UBS Core Value Premium Commodity Index   | UBCICVER Index | USD | 50 | 5  | 83%  | 277.7423   |
| 7  | UBS Bloomberg CMCI Essence T5 ER Index   | ULTAESE5 Index | USD | 50 | 5  | 133% | 3,369.4200 |
| 8  | UBS Liquidity Premium Commodity T5 Index | UBCILPT5 Index | USD | 50 | 5  | 33%  | 306.4505   |
| 9  | UBS STARC T6 Index                       | UISXT6UE Index | USD | 75 | 9  | 333% | 113.4700   |
| 10 | UBS Rates Low Beta Index                 | UISRTLGE Index | USD | 10 | 9  | 100% | 150.1033   |
| 11 | UBS Rates Curve Carry Strategy Index     | UISRTXGE Index | USD | 10 | 10 | 100% | 124.2257   |
| 12 | UBS Rates X-S Carry Strategy Index       | UISRCX8E Index | USD | 10 | 9  | 67%  | 135.7047   |

\* For Portfolio Constituent "k" which corresponds to Underlying Portfolio Constituent "k".

### Product Details

|                       |                                                                                                                        |
|-----------------------|------------------------------------------------------------------------------------------------------------------------|
| Security Numbers      | Valor: 37154584 / ISIN: CH0371545846 / WKN: UW9Z7W                                                                     |
| Issue Size            | 10'000 Units (with reopening clause)                                                                                   |
| Issue Price           | USD 10,000.00 (= 100.00% of the Initial Level of the Certificates), (Unit Quotation)                                   |
| Stop Loss Level       | USD 5,000.00 (= 50.00% of the Initial Level of the Certificates)                                                       |
| Management Fee ("MF") | 0.00% p.a. (subject to Management Fee Adjustment). The Management Fee is deducted in arrears on a pro-rata daily basis |
| Settlement Currency   | USD                                                                                                                    |

### Dates

|                            |                                                                                                                                                                                                                                                                                                |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Launch Date                | 05 July 2017                                                                                                                                                                                                                                                                                   |
| Pricing Date ("Pricing")   | 05 July 2017                                                                                                                                                                                                                                                                                   |
| Payment Date (Issue Date)  | 12 July 2017                                                                                                                                                                                                                                                                                   |
| Last Trading Day / Time    | 05 July 2024 / 17:15 CET                                                                                                                                                                                                                                                                       |
| Expiration Date ("Expiry") | 05 July 2024 (subject to Market Disruption Event provisions, Stop Loss Event and Issuer Call Right). Provided that if the intended Expiration Date mentioned herein is not a Portfolio Trading Day, then the Expiration Date shall be the first following day that is a Portfolio Trading Day. |
| Redemption Date            | Means the 5 <sup>th</sup> (fifth) Portfolio Business Day following the Expiration Date, the Automatic Early Termination Date or the Effective Exercise Date (in any case subject to Market Disruption Event Provisions).                                                                       |
| Issuer Call Right          | Yes. Please refer to the respective definition.                                                                                                                                                                                                                                                |

### Redemption

The Investor is entitled to receive from the Issuer on the Redemption Date an amount (the "Redemption Amount") in the Settlement Currency equal to 100% of the Certificate Level on the Expiration Date, the Automatic Early Termination Date or the Effective Exercise Date, as applicable.

Certificate Level                      On any Portfolio Business Day "t", the Certificate Level is calculated as:

$$C_t = C_{t-1} \times \left( \frac{U_t}{U_{t-1}} - MF \times \frac{\text{Day Count}}{360} \right)$$

Where:

$C_0$  = the Issue Price;  
 $U_t$  = the Underlying Level on Portfolio Business Day  $t$ , calculated in accordance with the provisions in Annex A;  
 $U_{t-1}$  = the Underlying Level on Portfolio Business Day  $t-1$ ;  
 MF = the Management Fee; and  
 Day Count = The number of calendar days from, but excluding, Portfolio Business Day " $t-1$ " to, and including, Portfolio Business Day " $t$ ".

In case a notional investor (in the same position as the Issuer) would be unable to unwind its investments in the Underlying on the Expiration Date, the Automatic Early Termination Date or the Effective Exercise Date, as applicable, or if such unwinding on the Expiration Date, the Automatic Early Termination Date or the Effective Exercise Date, as applicable, would lead to a commercially unreasonable result, as determined in the reasonable discretion of the Calculation Agent, the Issuer reserves the right to determine the Certificate Level over a period of several consecutive Portfolio Trading Days in which a notional Investor in the Underlying in the same position as the Issuer would be able to fully unwind investments in the Underlying for a commercially reasonable price. In such case, the Redemption Date may be postponed accordingly.

#### Stop Loss Event

A Stop Loss Event shall be deemed to occur if on any Portfolio Business Day the Certificate Level during the period from, and including, the Pricing Date to, but excluding, the Expiration Date or Effective Exercise Date (as applicable), is at or below the Stop Loss Level, as determined by the Calculation Agent. In case of a Stop Loss Event, the Product will automatically terminate on the Portfolio Trading Day that is at least 2 Portfolio Business Days immediately following the Portfolio Business Day on which such Stop Loss Level is breached (the "**Automatic Early Termination Date**").

**Please note that the Redemption amount may be significantly less than the Stop Loss Level in case of a Stop Loss Event.**

### Product Structure

With a Tracker Certificate, Investors can participate in the positive and negative performance of the Underlying. Should the Tracker Certificate ever reach the Stop Loss Level, it shall then be terminated on the Automatic Early Termination Date, taking into account the prevailing Underlying Level, which may be substantially lower than the Stop Loss Level. Tracker Certificates are a structured product for Investors who expect the Underlying to increase in value.

### General Information

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issuer                       | UBS AG, Zurich and Basel, Switzerland, acting through its London Branch                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Issuer Rating                | A1 Moody's / A+ S&P's / A+ 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, London Branch (UBS Investment Bank)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Calculation Agent            | UBS AG, London Branch                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Paying Agent                 | UBS Switzerland AG, Zurich                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Listing                      | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 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. For the avoidance of doubt, bid and/or offer prices may take into account the Carry Cost and Transaction Cost associated with the Underlying Portfolio Constituents and Portfolio Constituents respectively. Daily price indications, if any, will be available on Reuters, Bloomberg and <a href="http://www.ubs.com/keyinvest">www.ubs.com/keyinvest</a> . |

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|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Minimum Investment           | 10 Unit(s) (subject to Selling Restrictions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Minimum Trading Lot          | 1 Unit(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Clearing                     | SIX SIS, Euroclear, Clearstream (registered as intermediated securities with SIX SIS AG, in Switzerland)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Form of Deed                 | Uncertificated Securities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Status                       | Unsecured / Unsubordinated                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 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.                                                                                                                                                                                                                                                                         |
| Product                      | One USD denominated Tracker Certificate unit is equivalent to one (1) "Product". "Products" wherever used herein shall be construed to mean integral multiples of the same, subject to the issue size.                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Public Offering              | Switzerland                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Management Fee Adjustment    | The Issuer has the annual right, on 31 December in each year, for the first time on 31 December 2017 ("Fee Adjustment Notice Date") to adjust the Management Fee effective 3 months after the "Fee Adjustment Notice Date" (in case that any of the dates is not a Portfolio Business Day, the next following Portfolio Business Day shall apply). The Issuer shall notify the holders of the Product of such adjustment to the Management Fee pursuant to the respective provisions in the Product Documentation.                                                                                                                                 |
| Issuer Call Right            | The Issuer has a right to call the Product at any time for redemption subject to giving notice at least 3 months prior to, by way of notifying the holders of the Product pursuant to the respective provisions in the Product Documentation, the date the termination will become effective (the " <b>Effective Exercise Date</b> "). Subject to Market Disruption Event provisions, the Product will be redeemed on the Redemption Date for a value determined pursuant to the Section "Redemption" described herein. In case that any of the dates is not a Portfolio Trading Day, the immediately following Portfolio Trading Day shall apply. |
| Investor Exercise Right      | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Related Exchanges            | All the primary exchanges on which the assets and/or financial contracts that comprise the Portfolio Constituents are traded, as determined by the Calculation Agent from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Portfolio Trading Day        | Any day when all the Portfolio Constituents are tradable, as determined by the Calculation Agent from time to time, and by the following holiday calendars: New York Mercantile Exchange, ICE Futures Europe, London Metal Exchange, Commodities Exchange Inc., New York Stock Exchange, Montreal Exchange, Eurex, Tokyo Exchange, ICE Futures Europe, ASX 24, Chicago Mercantile Exchange, Montreal Exchange, Eurex, ICE Futures Europe, Tokyo Exchange, ASX 24, Hong Kong Exchange, Madrid bank holidays, Euronext (Paris), Euronext (Amsterdam), Nasdaq Stockholm, Borsa Italiana (Milan), London Bank Holidays                                 |
| Portfolio Business Day       | London and New York                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Distribution Fee             | 0.00% p.a.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

### **Tax Treatment Switzerland**

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|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Swiss Transfer Stamp Duty | The product qualifies as a taxable security (share/unit in a foreign collective investment vehicle, TK24). Primary and secondary market transactions are in principle subject to Swiss Stamp Duty if a Swiss bank or other securities dealer in the sense of the Swiss Stamp Tax Act is involved in the transfer of ownership.                                                                                   |
| Swiss Income Tax          | For private investors resident in Switzerland this product is treated analogous to a share in a reinvesting collective investment vehicle. The taxable income per share will be determined and will be reported to the Swiss Federal Tax Administration annually for publication in the Kursliste (list of tax values).<br>Closing date (for Swiss tax purposes): January 1, for the first time January 1, 2018. |
| Swiss Withholding Tax     | The product is not subject to the Swiss Withholding Tax.                                                                                                                                                                                                                                                                                                                                                         |

The tax information only provides an indicative 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

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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

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|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Market Expectation                                                | Investors in this Product expect the Underlying to appreciate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Effect of the performance of the Underlying on Redemption Amount: | <ul style="list-style-type: none"><li>- Positive performance:<br/>If the Underlying performs positively, Investors realise a positive return.</li><li>- Sideways to slightly negative performance:<br/>If the Underlying performs negatively or remains constant, Investors will realise a negative return.</li><li>- Pronounced negative performance:<br/>Investors may lose some or, in the worst case, all of their investment as they are fully exposed to the negative performance of the Underlying. However, should the underlying ever reach the Stop Loss Level, the Products shall automatically be redeemed at the prevailing unwind price (less any applicable Transaction Costs) on the Automatic Early Termination Date, which might be substantially lower than the Stop Loss Level.</li></ul> |
| Maximum Return                                                    | The profit potential is unlimited.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Maximum Loss                                                      | Investors may lose some or all of the investment as they are fully exposed to the performance of the Underlying.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

## 3. Significant Risks for Investors

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|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 consideration 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 Underlying asset class(es) of this product.                                                                                                                                                                                                                                                                                                                                                                                                      |

### Product Specific Risks

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|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Loss Potential                                                        | Investors may lose some or, in the worst case, all of the investment as they are fully exposed to the negative performance of the Underlying. However, should the underlying ever reach the Stop Loss Level, the Products shall automatically terminate at the prevailing unwind price (less any applicable Transaction Costs) on the Automatic Early Termination Date, which may be substantially lower than the Stop Loss Level. |
| Capital Protection (at Expiry)                                        | None                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Risk Potential in comparison to a direct investment in the Underlying | The risk potential is similar as with a direct investment in the Underlying.                                                                                                                                                                                                                                                                                                                                                       |
| Issuer Call right                                                     | Yes. Please refer to the respective definition in Section 1, «General Information».                                                                                                                                                                                                                                                                                                                                                |

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|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stop Loss Event                      | Yes. Please refer to the respective definition in Section 1, «General Information».                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Currency risk                        | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Price Source Disruption Event        | <p>It may become impossible to obtain the Underlying Level, most likely due to, but not limited to, level or price of the assets and/or financial contracts that comprise the Portfolio Constituents and/or Underlying Portfolio Constituents not being available during the lifetime of the Product and/or on the Expiration Date, the Automatic Early Termination Date or the Effective Exercise Date, as applicable, due to one or more of the price sources normally used in the relevant market for the Underlying being unavailable because an unscheduled bank closure is declared on short notice in the relevant country or due to the occurrence of any other disruption (each a "Price Source Disruption Event"). The Calculation Agent will determine in good faith in a commercially reasonable manner whether a Price Source Disruption Event has occurred.</p> <p>A Price Source Disruption Event may lead to (i) a postponement of the Expiration Date, the Automatic Early Termination Date or the Effective Exercise Date, as applicable, and therefore of the Redemption Date, (ii) the use of an alternative source for the Underlying, relevant Portfolio Constituents, relevant Underlying Portfolio Constituents and/or relevant asset and/or financial contract comprising the Underlying Portfolio Constituent, and/or (iii) the unilateral determination of the applicable level or price by the Calculation Agent.</p> <p>Such postponement, use of alternative price source and/or determination of the applicable level or price by the Calculation Agent may affect, materially or otherwise, the Redemption Amount which the Investor will receive.</p> |
| Extraordinary termination risk       | <p>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 Redemption Date.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Adjustment risk                      | <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 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>                                                                                                                                                |

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| Risks specific to commodity investments | Investments in commodities may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time, creates the possibility for greater loss.                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Market Disruption risk                  | <p>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.</p> <p>Where the Issuer is completely unable to enter into hedging transactions, for reasons not related to activities of the Issuer, or when entering into such hedging transactions would lead to a commercially unreasonable result, for reasons not related to activities of the Issuer, as determined in the reasonable discretion of the Issuer or the Lead Manager, as applicable, 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.</p> <p>For a detailed description of such events and their effects please refer to the Product Documentation.</p>                                                                                                                        |
| Calculation Agent's discretion          | The Calculation Agent has a broad discretionary authority to make various determinations and adjustments under the Products, any of which may have an adverse effect on the value and/or the amounts payable under the Products. Prospective investors should be aware that any determinations made by the Calculation Agent may have an impact on the value and financial return of the Products. Where the Calculation Agent is required to make a determination it may do so without taking into account the interests of the holders of the Product.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Back-testing                            | <p>The Portfolio and the Portfolio Constituents contain data derived as a result of back-testing of data (prior to the Pricing Date) by using UBS' standard methodology for information of this kind. That methodology may rely on proprietary models, empirical data, assumptions and such other information that UBS believes to be accurate and reasonable. UBS makes, however, no representation as to the accuracy, completeness or appropriateness of such methodology and accept no liability for the investors' use of the information. Specifically, there is no assurance that other banks or brokers would derive the same results for the back-test period. The current data that UBS selected for this purpose may be substantially different if the date is selected from a different time period and this may have substantial impact on the back-testing results.</p> <p><b>Investors should also note that back-testing results may project unrealistic expectation on the performance of the subject product. Past performance is not necessarily indicative of future results.</b></p> |
| 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 and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The general assessment of the Issuer's creditworthiness may affect the value of the Products. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating agencies such as Moody's, Fitch and Standard & Poor's.

The Issuer Ratings indicated in this document reflect the situation at the time of issuance and may be subject to changes. The actual Issuer Ratings at any given time can be seen on the Issuer's website ([www.ubs.com](http://www.ubs.com)) under "Analysts & Investors".

## 4. Additional Information

### Product Documentation

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This document ("**Final Terms**") constitutes the 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.

These Final Terms (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 entire documentation for this Product ("**Product Documentation**"), and accordingly the Final Terms should always be read together with the General Terms and Conditions. The 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 Final Terms, but not defined therein shall have the meaning given to them in the General Terms and Conditions. In the event that the Product is 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 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). In addition, for clients outside of the United Kingdom, the 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).

### Important Information

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The information herein is communicated by UBS AG and/or its affiliates ("**UBS**"). UBS may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market in any securities, currencies, financial instruments or other assets underlying the Product to which this document relates. UBS may provide investment banking and/or other services to and/or have officers who serve as directors of the companies referred to in this document. UBS' trading and/or hedging activities related to this Product may have an impact on the price of the underlying asset(s) and may affect the likelihood that any relevant barrier(s) is/are crossed. UBS has policies and procedures designed to minimise the risk that officers and employees are influenced by any conflicting interest or duty and that confidential information is improperly disclosed or made available.

In certain circumstances UBS sells this Product to dealers and other financial institutions at a discount to the issue price or rebates to them for their account some proportion of the issue price ("**Distribution Fees**"). Distribution Fees, if any, are disclosed in section 1 of this document and reflect the maximum amount a dealer or financial institution may receive from UBS; the actual amount may be lower.

Structured transactions are complex and may involve a high risk of loss. Prior to entering into a transaction you should consult with your own legal, regulatory, tax, financial and accounting advisors to the extent you consider it necessary, and make your own investment, hedging and trading decisions (including decisions regarding the suitability of this transaction) based upon your own judgement and advice from those advisers you consider necessary. Save as otherwise expressly agreed in writing, UBS is not acting as your financial adviser or fiduciary in any transaction.

This document should not be construed as an offer, personal recommendation or solicitation to conclude a transaction and should not be treated as giving investment advice. The terms of any investment in the Product to which this document relates will be exclusively subject to the detailed provisions, including risk considerations, contained in the Product Documentation.

UBS makes no representation or warranty relating to any information herein which is derived from independent sources. This document shall not be copied or reproduced without UBS' prior written permission.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Products described herein, save where explicitly stated in the Product Documentation. The Products must be sold in accordance with all applicable selling restrictions in the jurisdictions in which they are sold.

There is a possibility that costs, including taxes, related to transactions in connection with this Product may arise for Investors that are not paid by UBS or imposed by it. Please refer to the Product Documentation for further information.

### Index Disclaimer

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**No legal relationship (whether in contract, tort, or otherwise) exists between any investor buying, selling, entering into or holding products linked to the Index (such products, the "Index Products" and such investors, the "Index Product Investors") and UBS AG (in its capacity as owner of the Index the "Index Owner") and the Index Owner owes no duty (whether in contract, tort, or otherwise) to any Index Product Investor. No claims, actions or legal proceedings may therefore be brought against the Index Owner in any manner whatsoever by an Index Product Investor or any other person.**

The Index Owner makes no representation, warranty or guarantee whatsoever, express or implied, either as to the results to be obtained as to the use of the Index or the figures or levels at which the Index stands at any particular day or otherwise. In addition, the Index Owner gives no assurance regarding any modification or change in any methodology used in calculating the Index and is under no obligation to continue the calculation, publication and dissemination of the Index.



The Index Owner does not warrant or represent or guarantee to any person the accuracy or completeness of the Index and its computation or any information related thereto and makes no warranty or representation or guarantee of any kind whatsoever relating to the Index. The process and basis of computation and compilation of the Index and the related formulae, constituent benchmarks and factors may at any time be changed or altered by the Index Administrator. The Index is subject to the terms set out in the Index Manual, as such Index Manual may be amended from time to time.

No responsibility or liability is accepted by the Index Owner (whether for negligence or otherwise) in respect of the use of and/or reference to the Index by us or any other person in connection with securities, or for any inaccuracies, omissions, mistakes or errors in the computation of the Index (and the Index Owner shall not be obliged to advise any person or any Index Product Investor of any error therein) or for any economic or other loss which may be directly or indirectly sustained by any Index Product Investor or any other persons dealing with securities as a result. Any Index Product Investor or other person dealing with securities does so, therefore, in full knowledge of this disclaimer and can place no reliance whatsoever on the Index Owner.

The Index Owner makes no representation, warranty or guarantee as to the accuracy, completeness or appropriateness of the methodology, nor does it accept any liability for the use of such information.

Nothing in this disclaimer shall exclude or limit liability to the extent such exclusion or limitation is not permitted by law or regulations to which the Index Owner is subject.

The mark and name of the Index is proprietary to UBS.

### **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 either does not qualify as a prospectus published in accordance with the requirements of the EUPD or is not filed with or notified to the relevant Financial Supervisory Authority, this Product may not be offered or sold in EEA jurisdictions other than 1) in minimum denominations of, or total consideration per investor of at least, EUR 50,000 (or equivalent in other currencies), provided that the offer is only being made in one or more EEA jurisdiction that will not, before the end of the offer period for the Securities, have implemented the provision under the Directive 2010/73/EU (the "PD Amending Directive") that increases this minimum denomination (or total consideration per investor) to EUR 100,000; or 2) only to Qualified Investors; and/or (aggregated for all distributors) to less than 100 or, if the relevant EEA jurisdiction has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons that are not Qualified Investors per EEA jurisdiction. "Qualified Investors" are persons or entities as defined in the Prospectus Directive.

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

**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.

**ANNEX 1: Description of the Total Return Portfolio (the "Underlying")**

|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Description of the Underlying | The Total Return Portfolio (the "Underlying") aims to provide investors with exposure to a USD denominated Portfolio (as described in Annex 2) and an interest bearing USD denominated synthetic cash account. The allocation to the USD denominated synthetic cash account is reset on each Underlying Rebalancing Date, as described below.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Underlying Level              | <p>On any Portfolio Business Day, the Underlying Level will be determined by the Calculation Agent in accordance with the following formula:</p> $U_t = U_R \times \left( \frac{I_t}{I_R} - 1 \right) + U_R \times \prod_{i=R+1}^t \left( 1 + (FF_{i-1}) \times \frac{\text{Day Count}(t-1, i)}{360} \right)$ <p>Where:</p> <p><b>U<sub>0</sub></b>: the Underlying Level with respect to the Pricing Date, and shall be equal to C<sub>0</sub>;</p> <p><b>U<sub>R</sub></b>: the Underlying Level with respect to the immediately preceding Underlying Rebalancing Date or, if none, the Pricing Date;</p> <p><b>I<sub>t</sub></b>: the Portfolio Level on Portfolio Business Day t, calculated in accordance with the provisions in Annex B;</p> <p><b>I<sub>R</sub></b>: the Portfolio Level with respect to the immediately preceding Underlying Rebalancing Date or, if none, the Pricing Date. For the avoidance of doubt, if the current Portfolio Business Day is an Underlying Rebalancing Date, then the Portfolio Level on the preceding Underlying Rebalancing Date shall be used;</p> <p><b>FF<sub>t-1</sub></b>: the Fed Fund Target Rate as published on Bloomberg page FDTR &lt;Index&gt; with respect to Portfolio Business Day "t-1", as determined by the Calculation Agent; and</p> <p><b>Day Count</b>: the number of calendar days from, but excluding, Portfolio Business Day "t-1" to, and including, Portfolio Business Day "t".</p> |
| Underlying Rebalancing Date   | Rebalancing Date, as defined in Annex 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

**ANNEX 2: Description of the Portfolio**

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Description of the Portfolio | <p>The Portfolio provides exposure to a basket of constituents (each a "Portfolio Constituent" and together the "Portfolio Constituents").</p> <p>The composition of the Portfolio is rebalanced on a monthly basis in accordance with a risk budgeted allocation mechanism which allows each Portfolio Constituent in the Portfolio to contribute a specified amount of risk to the Portfolio. The pre-determined scoring methodology which determines the amount of risk assigned to each Portfolio Constituent is described below.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Portfolio Base Date          | <p>3 September 2009</p> <p>The Portfolio and the Portfolio Constituents contain data derived as a result of back-testing of data (prior to the Pricing Date) by using UBS' standard methodology for information of this kind. That methodology may rely on proprietary models, empirical data, assumptions and such other information that UBS believes to be accurate and reasonable. UBS makes, however, no representation as to the accuracy, completeness or appropriateness of such methodology and accept no liability for the investors' use of the information. Specifically, there is no assurance that other banks or brokers would derive the same results for the back-test period. The current data that UBS selected for this purpose may be substantially different if the date is selected from a different time period and this may have substantial impact on the back-testing results.</p> <p><b>Investors should also note that back-testing results may project unrealistic expectation on the performance of the subject product. Past performance is not necessarily indicative of future results.</b></p> |
| Portfolio Level              | <p>On the Portfolio Base Date, the Initial Portfolio Level ("I<sub>0</sub>") is equal to 100.00.</p> <p>The Portfolio Level with respect to any Portfolio Business Day "t" thereafter ("I<sub>t</sub>") will be determined by the Calculation Agent in accordance with the following formula:</p> $I_t = I_R + \text{MTM}_t - \text{Rebal Cost}_t$ <p>Where:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

$$MTM_t = \sum_{k=1}^{N_R} \text{ActualUnit}_R^k \times (\text{Price}_t^k - \text{Price}_R^k) \times (\text{FX}_t^k)$$

$$\text{Rebal Cost}_t = \sum_{k=1}^{N_R} (|\text{ActualUnit}_R^k - \text{ActualUnit}_{R-1}^k| \times \text{Price}_R^k \times (\text{FX}_R^k) \times \text{Transaction Cost}^k)$$

Where:

- I<sub>t</sub>**: the Portfolio Level with respect to Portfolio Business Day "t";
- I<sub>R</sub>**: the Portfolio Level with respect to the immediately preceding Rebalancing Date, or if none, the Portfolio Base Date. For the avoidance of doubt, if the current Portfolio Business Day is a Rebalancing Date, then the Portfolio Level with respect to the preceding Rebalancing Date shall be used;
- Price<sub>t</sub><sup>k</sup>**: the Portfolio Constituent Level of Portfolio Constituent "k" with respect to Portfolio Business Day "t", calculated in accordance with the provisions in Annex 3;
- Price<sub>R</sub><sup>k</sup>**: the Portfolio Constituent Level of Portfolio Constituent "k" with respect to the immediately preceding Rebalancing Date, or if none, the Portfolio Base Date;
- FX<sub>t</sub><sup>k</sup>**: the Spot Exchange Rate of Portfolio Constituent "k" with respect to Portfolio Business Day "t", as defined below;
- ActualUnit<sub>t</sub><sup>k</sup>**: the number of actual units (the "Actual Units") of Portfolio Constituent "k" with respect to Portfolio Business Day "t", which for the avoidance of doubt, takes into account the deducted of Transaction Costs arising from a rebalancing that has taken place on the Rebalancing Date as defined hereafter;
- ActualUnit<sub>R</sub><sup>k</sup>**: the Actual Units of Portfolio Constituent "k" with respect to the immediately preceding Rebalancing Date, or if none, the Portfolio Base Date;
- ActualUnit<sub>R-1</sub><sup>k</sup>**: the Actual Units of Portfolio Constituent "k" with respect to the Rebalancing Date preceding the immediately preceding Rebalancing Date, or if none, the Portfolio Base Date, as defined above;
- Transaction Cost<sup>k</sup>**: the transaction costs of Portfolio Constituent "k" corresponding to Underlying Portfolio Constituent "k" as specified in the table under "Information on Underlying" in Section 1 (Description of the Product) of this document; and
- N<sub>R</sub>**: the total number of Portfolio Constituents that comprises the Portfolio with respect to the immediately preceding Rebalancing Date, or if none, the Portfolio Base Date, as determined by the Calculation Agent.

Spot Exchange Rate of Portfolio Constituent "k" (FX<sub>t</sub><sup>k</sup>)

(i) Means 1 (one) for any Portfolio Constituent which is denominated in USD, as specified in the table under "Information on Underlying" in Section 1 (Description of the Product) of this document; and

(ii) Means the EUR:USD spot rate in respect of the WMCO 4 p.m. London Fix, as determined by the Calculation Agent, for any Portfolio Constituent which is denominated in EUR, as specified in the table under "Information on Underlying" in Section 1 (Description of the Product) of this document.

Rebalancing Date Means the Portfolio Base Date and the first Portfolio Trading Day that is at least 3 (three) Portfolio Business Days after the relevant Weight Calculation Date

Weight Calculation Date The last Portfolio Business Day of each calendar month

Actual Units of Portfolio Constituent "k" (ActualUnit<sub>R</sub><sup>k</sup>) The number of actual units (the "Actual Units") of each Portfolio Constituent "k" in respect of each Rebalancing Date (ActualUnit<sub>R</sub><sup>k</sup>) is determined by the Calculation Agent in accordance with the following formula:

$$\text{ActualUnit}_R^k = \frac{I_{WD} \times w_{WD}^k}{\text{Price}_{WD}^k \times \text{FX}_{WD}^k}$$

Where:

- I<sub>WD</sub>**: the Portfolio Level with respect to the relevant Weight Calculation Date;
- w<sub>WD</sub><sup>k</sup>**: the Target Weight of Portfolio Constituent "k" with respect to the relevant Weight Calculation Date, rounded to one decimal place, as determined by

the Calculation Agent in accordance with the provisions below;

**Price<sup>k<sub>WD</sub></sup>:** the Portfolio Constituent Level of Portfolio Constituent "k" with respect to the relevant Weight Calculation Date, as determined by the Calculation Agent in accordance with the provisions described in Annex 3; and

**FX<sup>k<sub>WD</sub></sup>:** the Spot Exchange Rate of Portfolio Constituent "k" with respect to the relevant Weight Calculation Date, as defined herein.

Target Weight of Portfolio Constituent "k"

(Target Weight<sup>k<sub>WD</sub></sup>)

On each Weight Calculation Date, the Target Weight with respect to Portfolio Constituent "k" (Target Weight<sup>k<sub>WD</sub></sup>) is a number determined by the Calculation Agent in accordance with the following scoring and mathematical optimisation:

- 1) All Portfolio Constituents are divided into three categories (each a "Category" and together the "Categories"):
  - a. Risk On Constituents;
  - b. Neutral Constituents; and
  - c. Defensive Constituents.
- 2) A score (the "Score") is assigned to each Portfolio Constituent "k" (s<sup>k</sup>) such that the sum of the Scores in each Category shall equal:
  - a. 0 (zero) for the all Risk On Constituents;
  - b. 0 (zero) for all Neutral Constituents; and
  - c. 1 (one) for all Defensive Constituents.
- 3) Within each Category, the Portfolio Constituents are divided into three sub-groups (each a "Sub-Group" and together the "Sub-Groups"):
  - a. In respect of Risk On Constituents, the Sub-Groups shall be (i) Volatility Carry, (ii) FX Carry, and (iii) Dividends;
  - b. In respect of Neutral Constituents, the Sub-Groups shall be Commodities Carry, and (ii) Commodities Congestion; and
  - c. In respect of Defensive Constituents, the Sub-Groups shall be (i) X-Asset Trend, (ii) Rates Low Beta, and (iii) Rates Carry.
- 4) The Scores between all Sub-Groups within each Category shall be equal.

The final Scores in respect of each Portfolio Constituent "k" according to the above provisions is summarized in table:

| Category                | Risk on Portfolio Constituents     |                                        |                        |                                      | Neutral Portfolio Constituents  |                                        |                                        |                                          | Defensive Portfolio Constituents |                          |                                      |                                    |
|-------------------------|------------------------------------|----------------------------------------|------------------------|--------------------------------------|---------------------------------|----------------------------------------|----------------------------------------|------------------------------------------|----------------------------------|--------------------------|--------------------------------------|------------------------------------|
|                         | Vol Carry                          |                                        | FX Carry               | Dividends                            | Commodities Carry               |                                        | Commodities Congestion                 | X-Asset Trend                            | Rates Low Beta                   | Rates Carry              |                                      |                                    |
| Portfolio Constituent   | UBS Delta Hedged Strangle US Index | UBS Delta Hedged Strangle Europe Index | UBS FX Carry G10 Index | UBS Constant Maturity Dividend Index | Custom UBSIBT 4E CABNS T4 Index | UBS Core Value Premium Commodity Index | UBS Bloomberg CMCI Essence T5 ER Index | UBS Liquidity Premium Commodity T5 Index | UBS STARC T6 Index               | UBS Rates Low Beta Index | UBS Rates Curve Carry Strategy Index | UBS Rates X-S Carry Strategy Index |
| Score (s <sup>k</sup> ) | 0                                  | 0                                      | 0                      | 0                                    | 0                               | 0                                      | 0                                      | 0                                        | 1.333                            | 1.333                    | 0.667                                | 0.667                              |

The mathematical optimisation uses a numerical solver to maximise the following function:

$$\sum_{k=1}^{N_{WD}} s^k \cdot \ln(w_{WD}^k)$$

Where:

**N<sub>WD</sub>**: the total number of Portfolio Constituents that comprise the Portfolio on the relevant Weight Calculation Date.

**W<sup>k<sub>WD</sub></sup>**: the Target Weight of Portfolio Constituent "k" with respect to the Weight Calculation Date, rounded to one decimal place; and

**s<sup>k</sup>**: the Score of Portfolio Constituent "k".

The numerical solver shall operate under the following constraints:

$$\sqrt{\left[ \left( \mathbf{w}_{WD}^k \right)^{Transpose} \cdot \Sigma_{WD} \cdot \mathbf{w}_{WD}^k \right]} \leq 7\%$$

and

$$\sum_{k=1}^{N_{WD}} \left( w_{WD}^k \right) \leq 7$$

and

$$w_{WD}^k \leq \text{WeightCap}_k$$

Where:

- $\left( \mathbf{W}_{WD}^k \right)^{Transpose}$ :** the transposed matrix of the Target Weight for all Portfolio Constituents with respect to the relevant Weight Calculation Date, as determined by the Calculation Agent;
- $\mathbf{W}_{WD}^k$ :** the matrix of all Target Weights for all Portfolio Constituents with respect to the Weight Calculation Date, as determined by the Calculation Agent;
- $\Sigma_{WD}$ :** the Covariance Matrix with respect to the relevant Weight Calculation Date, as determined by the Calculation Agent and as further defined hereafter; and
- WeightCap<sub>k</sub>:** the maximum weight (the "Weight Cap") for each Portfolio Constituent "k" as indicated under "Information on Underlying" in Section 1 (Description of the Product) of this document;

Covariance Matrix

One each Weight Calculation Date, the Covariance Matrix is a number determined by the Calculation Agent in accordance with the following formula:

$$\Sigma_{WD} = \left( \frac{\mathbf{R}_{WD}^T \mathbf{R}_{WD}}{L-6} \right) \cdot \gamma \cdot \frac{244}{5}$$

Where:

- $\Sigma_{WD}$ :** the Covariance Matrix with respect to the Weight Calculation Date;
- $\mathbf{R}_{WD}^T$ :** the transposed matrix of 5 Portfolio Business Day returns (the "5 Portfolio Business Day Returns Matrix") with respect to the Weight Calculation Date, as determined by the Calculation Agent and as further described herein;
- $\mathbf{R}_{WD}$ :** the 5 Portfolio Business Day Returns Matrix with respect to the Weight Calculation Date, as determined by the Calculation Agent and as further described herein;
- L:** the number of Portfolio Business Days in the Window, as determined by the Calculation Agent and as further described herein; and
- $\gamma$ :** means a constant value equal to 1.17 that is included, aiming to adjust for the average volatility of volatility of the Portfolio Constituents.

Window

Means all Portfolio Business Days from and including the Weight Calculation Date that is 12 Weight Calculation Dates preceding the current Weight Calculation Date, to and including the prevailing current Weight Calculation Date.

Returns Matrix ( $R_{WD}$ )

On each Weight Calculation Date, the 5 Portfolio Business Day Returns Matrix (" $\mathbf{R}_{WD}$ ") is a matrix of numbers determined by the Calculation Agent in accordance with the following formula:

For all t-in-M and all k-in-N:

$$r_t^{k,USD,5D} = r_t^{k,USD,5D} - \text{Average}_{N,M}(r_t^{k,USD,5D})$$

Where:

- M:** is equal to L minus 5;  
**N:** the number of Portfolio Constituents that comprise the Portfolio;  
 **$r_t^{k,EUR,USD}$ :** means the centred FX-adjusted return for line "t" and column "k" in the 5 Portfolio Business Day Returns Matrix, as determined by the Calculation Agent in accordance with the following formula:

$$r_t^{k,USD,5D} = \ln \left( \frac{\text{Price}_t^k}{\text{Price}_{t-5}^k} \right) * \left( \frac{\text{FX}_t^k}{\text{FX}_{t-5}^k} \right)$$

Where:

- Price<sub>t</sub><sup>k</sup>:** the Portfolio Constituent Level of Portfolio Constituent "k" with respect to Portfolio Business Day "t", calculated in accordance with the provisions in Annex 3. For the avoidance of doubt, if no level is published with regards to Portfolio Constituent "k" on Portfolio Business Day "t", the latest published level of Portfolio Constituent "k" shall be used, as determined by the Calculation Agent;
- Price<sub>t-5</sub><sup>k</sup>:** the Portfolio Constituent Level of Portfolio Constituent "k" with respect to Portfolio Business Day "t-5". For the avoidance of doubt, if no level is available with regards to Portfolio Constituent "k" on Portfolio Business Day "t-5", the latest Portfolio Constituent Level of Portfolio Constituent "k" shall be used, as determined by the Calculation Agent;
- FX<sub>t</sub><sup>k</sup>:** the Spot Exchange Rate of Portfolio Constituent "k" with respect to Portfolio Business Day "t", as defined herein; and
- FX<sub>t-5</sub><sup>k</sup>:** the Spot Exchange Rate of Portfolio Constituent "k" with respect to Portfolio Business Day "t-5", as defined herein.
- Average<sub>N,M</sub>( $r_t^{k,EUR,USD}$ ):** means the average over M of centred FX-adjusted returns for Portfolio Constituent "k" with respect to the relevant Weight Calculation Date, as determined by the Calculation Agent.

### ANNEX 3: Description of Portfolio Constituent

|                                                                 |                                                                                                                                                                                                                  |
|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Description of Portfolio Constituent                            | Each Portfolio Constituent "k" represents exposure, net of interest rates (if applicable) and costs, to an Underlying Portfolio Constituent "k" that is a risk premia index owned by UBS AG.                     |
| Portfolio Constituent Level (Price <sub>Bk</sub> <sup>k</sup> ) | On each Portfolio Constituent "k" Business Day "Bk", the level of Portfolio Constituent "k" (Price <sub>Bk</sub> <sup>k</sup> ) is determined by the Calculation Agent in accordance with the following formula: |

$$\text{Price}_{Bk}^k = \text{Price}_{Bk-1}^k \times \left( \frac{\text{PriceRaw}_{Bk}^k}{\text{PriceRaw}_{Bk-1}^k} - \text{CC}^k * \frac{\text{Act}(Bk-1,Bk)}{365} - \frac{\text{Rate}_{Bk-1}^k}{100} * \frac{\text{Act}(Bk-1,Bk)}{360} \right)$$

Where:

- Price<sub>0</sub><sup>k</sup>:** the closing value of Portfolio Constituent "k" with respect to the Portfolio Constituent "k" Base Date, as further described herein;
- PriceRaw<sub>Bk</sub><sup>k</sup>:** the closing value of Underlying Portfolio Constituent "k" with respect to Portfolio Constituent "k" Business Day "Bk", as published on the Bloomberg Code indicated under "Information on Underlying" in Section 1 (Description of the Product) of this document;
- PriceRaw<sub>Bk-1</sub><sup>k</sup>:** the closing level of Underlying Portfolio Constituent "k" with respect to Portfolio Constituent "k" Business Day "Bk-1";
- CC<sup>k</sup>:** the Carry Cost of Underlying Portfolio Constituent "k" as indicated in Section 1 (Description of the Product) of this document;
- Act(Bk-1,Bk):** the number of calendar days from, but excluding, Portfolio Constituent "k" Business Day "Bk-1" to, and including, Portfolio Constituent "k"

**Rate<sup>k</sup><sub>Bk-1</sub>:** Business Day "Bk"; and  
 the Reference Rate with regards to Underlying Portfolio Constituent "k"  
 on Portfolio Constituent "k" Business Day "Bk-1", as further defined  
 herein, or if none, 0.

Portfolio Constituent "k"  
 Business Day "Bk" The days on which the Underlying Portfolio Constituent "k" corresponding to Portfolio  
 Constituent "k" has a published level, as per the holiday schedule documented in the respective  
 index manual of Underlying Portfolio Constituent "k".

| Reference Rate | k  | Underlying Portfolio Constituent         | Reference Rate |
|----------------|----|------------------------------------------|----------------|
|                | 1  | UBS Delta Hedged Strangle US Index       | None           |
|                | 2  | UBS Delta Hedged Strangle Europe Index   | None           |
|                | 3  | UBS FX Carry G10 Index                   | None           |
|                | 4  | UBS Constant Maturity Dividend Index     | None           |
|                | 5  | UBS Custom UBSIBT4E CABNS T4 Index       | None           |
|                | 6  | UBS Core Value Premium Commodity Index   | None           |
|                | 7  | UBS Bloomberg CMCI Essence T5 ER Index   | None           |
|                | 8  | UBS Liquidity Premium Commodity T5 Index | None           |
|                | 9  | UBS STARC T6 Index                       | None           |
|                | 10 | UBS Rates Low Beta Index                 | None           |
|                | 11 | UBS Rates Curve Carry Strategy Index     | None           |
|                | 12 | UBS Rates X-S Carry Strategy Index       | None           |

Portfolio Constituent Level on the Portfolio Base Date The Portfolio Constituent Level of Portfolio Constituent "k" (corresponding to the Underlying  
 Portfolio Constituent "k") on the Portfolio Base Date is as follows:

| k  | Underlying Portfolio Constituent         | Portfolio Constituent Level on<br>Portfolio Base Date (of<br>corresponding Portfolio<br>Constituent "k") |
|----|------------------------------------------|----------------------------------------------------------------------------------------------------------|
| 1  | UBS Delta Hedged Strangle US Index       | 100.00                                                                                                   |
| 2  | UBS Delta Hedged Strangle Europe Index   | 100.00                                                                                                   |
| 3  | UBS FX Carry G10 Index                   | 100.00                                                                                                   |
| 4  | UBS Constant Maturity Dividend Index     | 100.00                                                                                                   |
| 5  | UBS Custom UBSIBT4E CABNS T4 Index       | 100.00                                                                                                   |
| 6  | UBS Core Value Premium Commodity Index   | 100.00                                                                                                   |
| 7  | UBS Bloomberg CMCI Essence T5 ER Index   | 100.00                                                                                                   |
| 8  | UBS Liquidity Premium Commodity T5 Index | 100.00                                                                                                   |
| 9  | UBS STARC T6 Index                       | 100.00                                                                                                   |
| 10 | UBS Rates Low Beta Index                 | 100.00                                                                                                   |
| 11 | UBS Rates Curve Carry Strategy Index     | 100.00                                                                                                   |
| 12 | UBS Rates X-S Carry Strategy Index       | 100.00                                                                                                   |

Portfolio Constituent Base Date The base date of each Portfolio Constituent "k" (the "Portfolio Constituent Base Date"),  
 corresponding to the Underlying Portfolio Constituent "k", is as follows:

| k  | Underlying Portfolio Constituent         | Base Date (of corresponding<br>Portfolio Constituent "k") |
|----|------------------------------------------|-----------------------------------------------------------|
| 1  | UBS Delta Hedged Strangle US Index       | 16 August 2002                                            |
| 2  | UBS Delta Hedged Strangle Europe Index   | 16 August 2002                                            |
| 3  | UBS FX Carry G10 Index                   | 19 January 1999                                           |
| 4  | UBS Constant Maturity Dividend Index     | 01 July 2008                                              |
| 5  | UBS Custom UBSIBT4E CABNS T4 Index       | 13 May 1998                                               |
| 6  | UBS Core Value Premium Commodity Index   | 29 December 2000                                          |
| 7  | UBS Bloomberg CMCI Essence T5 ER Index   | 30 June 1998                                              |
| 8  | UBS Liquidity Premium Commodity T5 Index | 29 December 2000                                          |
| 9  | UBS STARC T6 Index                       | 02 June 2000                                              |
| 10 | UBS Rates Low Beta Index                 | 29 February 2000                                          |
| 11 | UBS Rates Curve Carry Strategy Index     | 29 February 2000                                          |
| 12 | UBS Rates X-S Carry Strategy Index       | 29 February 2000                                          |