

Disruptive Technologies

Innovative leaps with **revolutionary explosive force**

For marketing purposes only

Open End PERLES on the ROBO Global Disruptive Technology Index

I. Disruptive Technologies explained

What have the steam engine, the internet and smartphones got in common? The emergence of all three technologies listed by way of example triggered euphoria and a spirit of optimism in industry and society. The steam engine heralded the start of the industrial age, the internet drove forward digitalization while smartphones enable constant access to the virtual world. All three technologies instigated an innovative leap and radically changed their respective living and working environments. Clayton M. Christensen from Harvard Business School called technologies with such penetrating power "disruptive technologies". Since the publication of the book "The Innovators Dilemma" in 1995 and the scientific paper "Disruptive Technologies: Catching the Wave" the defining feature of a disruptive innovation is that it breaks up existing market structures and dictates completely new ground rules to the market.

II. What current technologies have that potential?

Umpteen investors ask themselves this question day in, day out. A possible answer is provided by the ROBO Global Disruptive Technology NTR Index. The index provider ROBO Global Partners currently identifies ten industries with the potential to create disruptive technology and thereby trigger innovative leaps on a broad scale:

1.	Robotics & Automation
2.	3D Printing
3.	Cyber Security
4.	Solar Energy
5.	Material Science & Battery Technology
6.	Cloud Computing, Supercomputing & Big Data
7.	Social Networking & Advanced Mobile Computing Technology
8.	Biotechnology
9.	Water Technology
10.	Next Generation Lighting

As of: 09.05.2017

Source: Solactive (the current index composition and weighting is published daily on www.solactive.com)



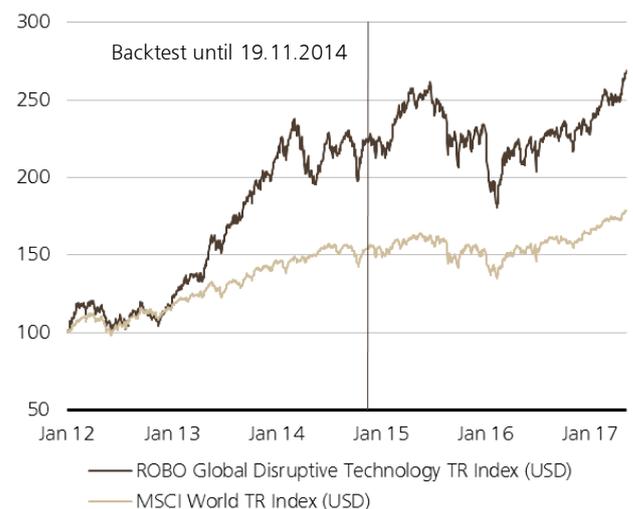
SSPA product type

Tracker certificates (1300)

Currency	Valor	SIX symbol
CHF	30298122	DISCHU
USD	30298121	DISUSU

ubs.com/disruptive

ROBO Global Disruptive Technology NTR Index vs. MSCI World NTR Index



	ROBO Global Disruptive Technology NTR Index	MSCI World NTR Index
Return p.a.	15.9%	6.2%
Volatility p.a.	22.7%	16.4%
Sharpe Ratio	0.70	0.38

Source: Bloomberg, UBS / Period: 21.01.2005 to 09.05.2017. This chart represents a historical review before 19.11.2014 of the ROBO Global Disruptive Technology Index. This historical data is not a reliable indicator for the future performance. Please note the back-testing disclaimer at the end of the document.

III. The Index solution

Disruptive technologies are subject to changing times. What is considered disruptive today will be superseded tomorrow. The ROBO Global Disruptive Technology NTR Index responds to this momentum by continually revising the composition of the index using a "top-down" approach.

Selection of the industries

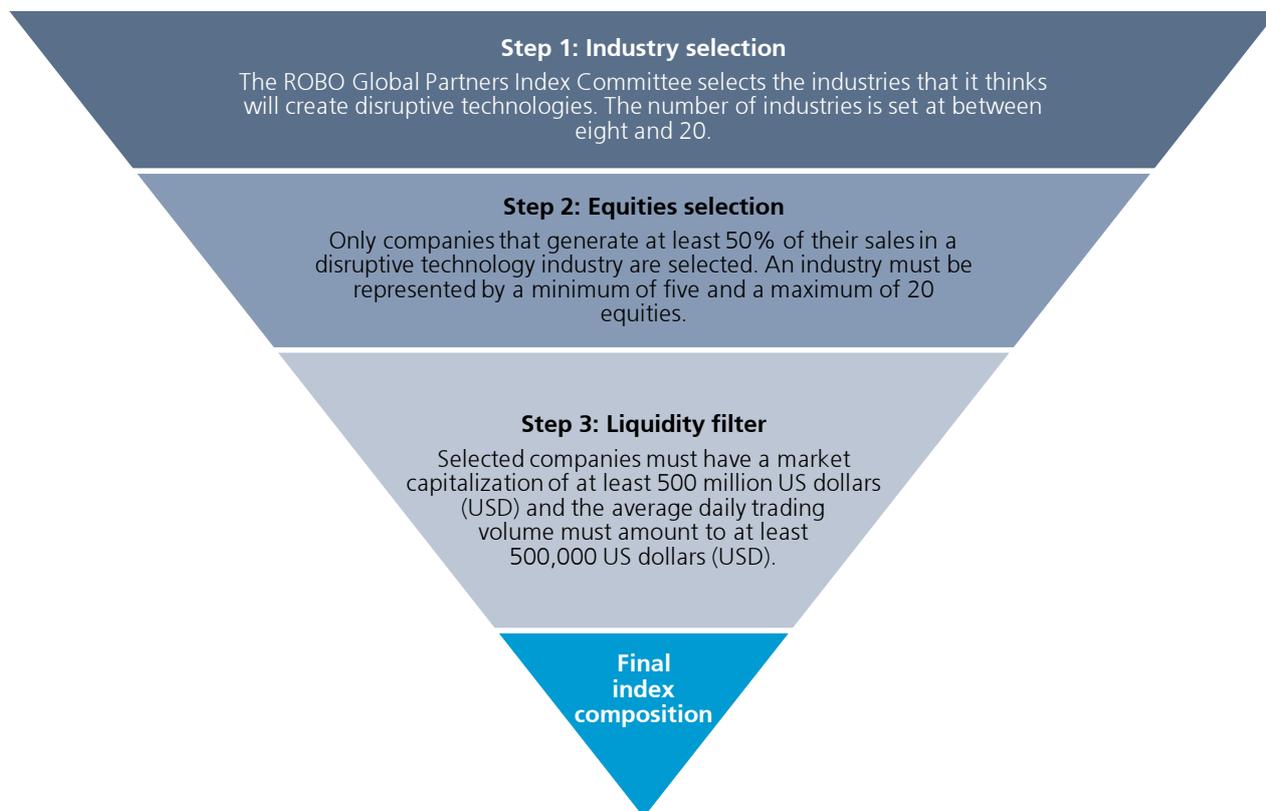
The starting point for selecting equities is to identify industries that the ROBO Global Partners Index committee deems capable of creating disruptive technologies. The industries contained in the index can therefore be replaced and the number of industries may fluctuate, but the index always includes between eight and 20 industries.

Selection of equities

In a second step suitable equities are chosen from the equities universe based on a set of rules. Each industry must be represented by a minimum of five and a maximum of 20 equities. All equities in the ROBO Global Disruptive Technology NTR Index must be sufficiently tradable. Firstly, this requires a listing on a stock exchange that also offers unrestricted trading access to foreign investors. In addition, all index members must generate at least half their sales in one of the identified disruptive technology industries. Furthermore, to be included in the index, market capitalization must be at least 500 million US dollars and the average daily trading volume for the past three months must amount to at least 500,000 US dollars.

Both the industries in the index and the equities within an industry must be equally weighed in terms of the quarterly index adjustments.

Selection process in 3 steps



IV. The product solutions

The UBS Open End PERLES on the ROBO Global Disruptive Technology NTR Index mirrors the performance of the underlying index after deduction of the management fee of 0.75 percent p.a. one to one in Swiss francs (CHF) or US dollars (USD) without currency hedging. Any dividends of the index members are reinvested in the index. The products are of unlimited duration, meaning that a lasting investment in the future topic of disruptive technologies is possible.

Issuer	UBS AG, London Branch	UBS AG, London Branch
SSPA product type	Tracker certificates (1300)	Tracker certificates (1300)
Conversion ratio	1:1	1:1
Management fee	0.75% p.a.	0.75% p.a.
Expiry	Open End	Open End
Underlying (Currency)	ROBO Global Disruptive Technology NTR Index (USD)	ROBO Global Disruptive Technology NTR Index (USD)
Issue price	CHF 105.36	USD 103.49
ISIN / SIX symbol	CH0302981227 / DISCHU	CH0302981219 / DISUSU

V. Opportunities

- Equities-based participation in the growth potential of international companies focusing on disruptive technologies.
- Transparent and targeted index structure that can add new industries and index members at any time, in order to react quickly to new disruptive technologies.
- The industries are selected by the index provider ROBO Global Partners Limited, and the index is calculated by Solactive AG.
- Each industry is diversified by a minimum of 5 equities.
- Equal Weighting is restored on a quarterly basis.
- Tradable every trading day under normal trading conditions.
- Unlimited duration.

VI. Risks

- Industries focusing on disruptive technologies are mostly young areas of the economy where it is not yet certain whether the hopes placed in these technologies will be realized and which companies will actually become established.
- No capital protection: investors run the risk of losing their capital investment if the price of the underlying index worsens.
- As the values included in the index may be listed in different currencies and the product does not have any currency hedges, the investor may also be exposed to an exchange rate risk, which may adversely affect the value of the product.
- Investors bear the issuer risk and so could lose their capital investment if the issuer files for insolvency.
- The issuer intends to ensure liquidity in normal market phases on trading days. However, investors should realize that they may not be able to buy/sell the product at every point in time.
- The issuer has the right to cancel the product if certain conditions are met.

Investor profile

Solutions for investors with experience in stock market topics and structured products and with a medium to increased risk tolerance who would like to participate in the performance of the equities included in the index at little capital and administrative expense.

For other products and information on opportunities and risks visit: ubs.com/keyinvest

Disclaimer

This material has been prepared by UBS AG or one of its affiliates ("UBS"). This material is for distribution only as permitted by law. It is not prepared for the needs of any specific recipient. It is published solely for information and is not a solicitation or offer to buy or sell any securities or related financial instruments ("Instruments"). UBS makes no representation or warranty, either express or implied, on the completeness or reliability of the information contained in this document ("Information") except that concerning UBS AG and its affiliates. The Information should not be regarded by recipients as a substitute for using their own judgment. Any opinions expressed in this material may change without notice and may be contrary to opinions expressed by other business areas of UBS as a result of using different assumptions or criteria. UBS is under no obligation to update the Information. UBS, its officers, employees or clients may have or have had an interest in the Instruments and may at any time transact in them. UBS may have or have had a relationship with entities referred to in the Information. Neither UBS nor any of its affiliates, or their officers or employees, accepts any liability for any loss arising from use of the Information.

This presentation is not a basis for entering into a transaction. Any transaction between you and UBS will be subject to the detailed provisions of the term sheet, confirmation or electronic matching systems relating to that transaction. Clients wishing to effect transactions should contact their local sales representative.

This material contains data derived as a result of back-testing of data and is provided by UBS in good faith using its standard methodology for information of this kind. That methodology relies on proprietary models, empirical data, assumptions and such other information that we believe to be accurate and reasonable. The current data that UBS selected for preparation of this material 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. This information is provided to you for information purpose only and we make no representation as to the accuracy, completeness or appropriateness of such methodology and accept no liability for your use of the information. Specifically, there is no assurance that other banks or brokers would derive the same results for the back-test period or that such results would have been achieved in practice. Potential investors should not rely on this material for the purpose of understanding the probability that they may lose their initial investment in investing in the subject product. Prospective 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. This material does not guarantee the performance of the subject product in all circumstances and UBS shall not be responsible for any investment loss suffered by the investors in investing in the subject product in this respect. The back-testing results has not considered the risks involved in investing in the subject product, including but not limited to the credit risk of the issuer of the subject product. These risks may lead to the loss of investors' initial investment in the subject product and investors should read the risks stated in the offering documents of the subject product before investing in the subject product. Under no circumstances shall we have any liability for a) any loss, damage or other injury in whole or in part caused by, resulting from or relating to, any error (negligent or otherwise) of UBS in connection with the compilation, methodology, interpretation, communication, publication or delivery of this analysis, or b) any direct, indirect, special, consequential, incidental or compensatory damages whatsoever (including, without limitation, lost profits), in either case caused by reliance upon or otherwise resulting from or relating to the use of (including the inability to use) this analysis. This analysis is confidential. You may not pass on this analysis to any third party without the express permission of UBS.

This information is communicated by UBS AG and/or its affiliates ("UBS"). * (see below) 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 [term sheet / document] relates (the "Structured Product"). UBS may provide investment banking and other services to and/or have officers who serve as directors of the companies referred to in this [term sheet / document]. UBS's trading and/or hedging activities related to the Structured Product may have an impact on the price of the underlying asset and may affect the likelihood that any relevant barrier or relevant trigger event is crossed or triggered. 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. UBS may pay or receive brokerage or retrocession fees in connection with the Structured Product described herein. In respect of any Structured Product that is a security, UBS may, in certain circumstances, sell the Structured Product to dealers and other financial institutions at a discount to the issue price or rebate to them for their own account some proportion of the issue price. Further information is available on request. Structured Products are complex and may involve a high risk of loss. Prior to purchasing the Structured Product 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 the Structured Product) 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 relation to the Product. UBS generally hedges its exposure to Structured Products, although it may elect not to hedge or to partially hedge any Structured Product. UBS's hedging activity may be conducted through transactions in the underlying asset, index or instrument or in options, futures or other derivatives related to the underlying asset, index or instrument on publicly traded markets or otherwise, and may have an impact on the price of the underlying asset. If a transaction is cash settled, UBS will generally unwind or offset any hedge it has for such Structured Product in close proximity to the relevant valuation time or period. In some cases, this activity may affect the value of the Structured Product. Unless stated otherwise in this document, (i) this document is for information purposes only and should not be construed as an offer, personal recommendation or solicitation to purchase the Structured Product and should not be treated as giving investment advice, and (ii) the terms of any investment in the Structured Product will be exclusively subject to the detailed provisions, including risk considerations, contained in the more detailed legal documentation that relates to the Structured Product (being the confirmation, information memorandum, prospectus or other issuer documentation as relevant). 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's prior written permission. In respect of any Structured Product that is a security, no action has been or will be taken in any jurisdiction that would permit a public offering of the Product, save where explicitly stated in the issuer documentation. The Structured Product must be sold in accordance with all applicable selling restrictions in the jurisdictions in which it is sold.

© UBS 2017. All rights reserved. UBS prohibits the forwarding of this information without the approval of UBS.

UBS AG

P.O. Box, 8098 Zurich
E-mail: keyinvest@ubs.com

Hotline: +41-44-239 76 76*

Institutional Clients: +41-44-239 14 66*

Intermediaries: +41-44-239 77 60*

Wealth Management Clients: +41-44-239 68 00*

ubs.com/keyinvest

* Please note that calls to numbers marked with * may be recorded. When you call these numbers, we assume that you consent to this business practice.