

Smart Mobility

Investing in **the mobility solutions of tomorrow**

PERLES on the Smart Mobility Basket

What is smart mobility?

Smart mobility can be defined as a combination of networking, intelligent drive technology (electrification), intelligent technology (autonomous driving) and intelligent use (e.g. car sharing). Smart mobility has the potential to change the way we travel in the decades to come. Urbanization is the main long-term driver of smart mobility solutions, but the aging population and population growth are also contributing factors.

Long-term change in the automotive market

The use of costly technologies and disruptive forces are compelling traditional automobile companies and automotive suppliers to participate and adapt to these changes. Otherwise, they run the risk of being squeezed out of the technology industry, at least in part, by new market participants. New advantageous legal regulations that support alternative drives and new intelligent use or mobility concepts can also help transform the industry. Therefore, manufacturers and suppliers of mobility solutions are investing huge sums in new technologies.

Even companies new to the industry have long begun to position themselves in the new growth market. Apple, Google, Intel or Qualcomm – they have all been on a spending spree for a while now, in order to earn money with the new megatrends in the automobile industry. For example, the mobile chip manufacturer Qualcomm acquired NXP, the largest semiconductor manufacturer for the automotive industry, for 47 billion US dollars. TomTom, on the other hand, snapped up Autonomos in early 2017, a company that has developed 3D-map technology for autonomous driving. Robotic cars are already cruising the streets in trials.

Smart mobility market

UBS CIO WM expects smart mobility to bring significant business opportunities. By 2025, the annual potential market for smart mobility is estimated at around 400 billion dollars. By comparison, in 2017, the smart mobility market was estimated at 40 billion dollars, while the global automobile market was



SSPA product type

Tracker certificate (1300)

Currency	Valor	SIX Symbol
CHF	40354525	MOBILU

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estimated to be worth around 1,500 billion dollars. (Source: "Longer-term investments: Smart Mobility", UBS CIO WM, November 6, 2017)

According to the international management consultancy Bain & Company, the global market for car suppliers in the robotic car segment will increase from around 8 billion dollars in 2016 to 22–26 billion dollars in 2025, representing an annual growth rate of 12–14 percent. Progress in the development of self-driving cars is expected to reduce the absolute number of cars according to a study by the consulting firm PwC. Experts expect the number of cars in Europe to decrease from 280 million in 2017 to around 200 million in 2030 due to autonomous cars together with the trend towards car sharing, which is expected to account for 35 percent of total mileage in Europe within the space of twelve years. However, as car sharing and autonomous driving will lead to faster vehicle wear, PwC expects to see a one-third increase in new vehicle registrations to 24 million vehicles by 2030. McKinsey forecasts suggest new offerings such as mobility services, autonomous driving or electric drives will account for around a quarter of the total sales in the automobile industry.

Product solutions

The tracker certificate on the Smart Mobility Basket maps the performance of the shares in the equity basket one-to-one after deducting the management fee of 0.50 percent p.a. Any net dividends of the index members are reinvested. The initial product life of seven years can be extended for another seven years.

Opportunities

- Participation in a basket of 16 companies operating in the field of intelligent drive technology (electrification) and intelligent vehicle technology (autonomous driving).
- Net dividends are reinvested in the equity basket.
- Diversification within the smart mobility industry through a basket of 16 equities.
- Tradable every trading day under normal trading conditions.
- Option to extend product life by another seven years.

Risks

- No capital protection: investors run the risk of losing their capital investment if the price of the underlying index worsens.
- 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.
- As the values included in the index may be listed in different currencies than the product and the products do 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.
- The issuer has the right to cancel the product if certain conditions are given.

PERLES in CHF

Underlying	Smart Mobility Basket
Conversion ratio	1:1
Management fee	0.50% p.a.
Listing date	23 February 2018
Issue price	CHF 100.00
ISIN	CH0403545251
SIX Symbol	MOBILU

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.

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