

Fintech

Digital structural change in the financial services industry

Open End PERLES on the Solactive Fintech NTR Index

Innovative technologies focusing on the financial sector

Financial Technology, or Fintech, involves the intelligent use of modern technologies in the domain of financial services. The financial offers not only include traditional banking services like account management, loans and investments, but also insurances, mobile payment systems, digital currencies, crowdfunding and online platforms for providing loans. According to PwC, Fintech represents one of the most dramatic changes in all segments of the traditional financial services sector. The PwC Study "Blurred Lines: How Fintech is shaping Financial Services" from March 2016 sees opportunities for example in data analyses, the cloud and also block chain technologies, which could contribute to savings and increase transparency in relation to payment transactions.

Fintech – The digital (r)evolution in the financial sector

The digital revolution started a long time ago in the financial sector. One of the leaders in this area is UBS. This large bank was the first to open its own "Innovations Laboratory" in 2015 in London, the center of the European financial scene. The objective of this Fintech incubator was, among other things, to develop new applications for modern banking and to perform research into the opportunities for crypto-currencies. These kinds of incubators, which can now be found in many financial centers around the world, are generating quite dynamic innovation.

Start-ups as the driver of innovation

The global start-up scene, above all, is showing itself to be extremely excited about the growth potential of the expected technological upheaval in the financial sector. In its study "Fintech and the Evolving Landscape 2016", Accenture looked into this trend on the basis of investments being made. According to the results, global Fintech investments rose by 75 percent to USD 22.2 billion in 2015 alone. This means that



SSPA product type

Tracker certificates (1300)

Currency	Valor	SIX Symbol
CHF	27774734	FINTE
EUR	27774733	FINTEE
USD	27774732	FINTEU

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the volume has increased more than twelvefold since 2010. Whereas growth in the world's largest Fintech market, the US, has slowed down somewhat, Europe and Asia have shown triple-digit increases on a percentage basis in 2015.

Smart index concept

The Solactive Fintech NTR (Net Total Return) Index tracks the performance of the 20 largest innovative Fintech companies according to market capitalisation. Only companies that meet numerous quality criteria will be considered for the index selection pool.

Thus, every index member should already generate a significant portion of its turnover in the financial technology sector. In addition, the shares of each company must be listed on a stock exchange that grants foreign investors access to trade without restrictions. In addition, due to liquidity reasons, the market capitalization of each index member has to be at least 250 million

U.S. dollar, and the average daily trading volume over the past three months has to be at least 1 million U.S. dollar.

Furthermore, the index concept takes into account the dynamic environment of this innovative economic segment, as no one currently knows in which direction financial technology will develop and which company will finally establish itself. Therefore, the index concept allows for, in addition to the two yearly regular index adjustments, a "fast entry" rule: this enables the index to include new shares, at any time, for example immediately after an IPO, if the corresponding company meets the quality criteria and if the index committee considers the company as important for the Solactive Fintech TR Index.

The product solution

The UBS Open End PERLES on the Solactive Fintech Net Total Return Index track the performance of the underlying index, which reinvests any net dividends from index members after deducting the management fee of 0.75 percent without limited maturity.

Opportunities

- Equity-linked participation in the growth potential of the Fintech industry.
- Transparent and precise index concept, which can consider new index members at any time in order to adapt to the dynamics of the financial technology industry.
- The selection of index members is carried out by the index provider Solactive AG
- Diversification within the financial technology industry through 20 shares with regular index reviews which are conducted twice a year.
- Tradable every trading day under normal trading conditions.
- No fixed term restriction.

Risks

- No capital protection: investors run the risk of losing their investment if the price of the underlying index worsens.
- The financial technology industry is a relatively young commercial sector, of which is not yet certain if it will fulfil the set hopes and which companies will actually establish itself.
- Investors bear the issuer risk and could lose their investment if the issuer files for bankruptcy.
- 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 any point in time.
- As the stocks 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.

- The issuer has the right to terminate the product if certain conditions are met.

Open End PERLES in CHF

Underlying	Solactive Fintech Net Total Return Index (CHF)
Conversion ratio	1:1
Management fee	0.75% p.a.
Issue date	11 May 2015
Issue price	CHF 100.00
ISIN	CH0277747348
SIX Symbol	FINTE

Open End PERLES in EUR

Underlying	Solactive Fintech Net Total Return Index (EUR)
Conversion ratio	1:1
Management fee	0.75% p.a.
Issue date	11 May 2015
Issue price	EUR 100.00
ISIN	CH0277747330
SIX Symbol	FINTEE

Open End PERLES in USD

Underlying	Solactive Fintech Net Total Return Index (USD)
Conversion ratio	1:1
Management fee	0.75% p.a.
Issue date	11 May 2015
Issue price	USD 100.00
ISIN	CH0277747322
SIX Symbol	FINTEU

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.

The product documentation, i.e. the prospectus and the Key Information Document (KID) as well as information about opportunities and risks can be found on ubs.com/keyinvest

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