

QIX Dividenden Europa

Europe's leading **dividend-bearing securities**

Open End PERLES on the
QIX Dividenden Europa index

I. Dividends as an alternative to interest

"Dividends are the new interest" declared the headlines of many newspapers and investment magazines during recent years. Because in the quest for investment alternatives in the current environment characterized by low interest rates, many investors are turning to defensive investment strategies with equities that pay out good dividends. Indeed, the dividends paid out are higher than ever before: Auditing and consultancy firm EY (Ernst & Young) calculated a total of 31.7 billion euros in distributions from DAX companies last year. That is nine percent more than in 2015 and seven percent more than in the previous record year of 2014.

II. What criteria can be helpful in the selection of high-yield equities?

Besides dividend yield, in other words the dividend distributed in relation to the current share price, investors should take into account other management ratios and key financial indicators to select companies that are able to achieve stable returns in the long term. Selection criteria could include factors such as dividend continuity, share price volatility and historic earnings growth.

III. What is the "QIX Dividenden Europa Index"?

The index "QIX Dividenden Europa" is managed by TraderFox GmbH and calculated by Solactive AG. It is calculated in euros and depicts the development in value of the equities of 25 high-yield European companies. These companies are selected on the basis of a rule-based investment strategy with a total of eight evaluation criteria and weighted equally within the index on every adjustment date. Index adjustments normally take place on a quarterly basis. Net dividends from the equities contained in the index are reinvested in the index.

For marketing purposes only



SVSP product type

Tracker certificates (1300)

Currency

EUR

Valor

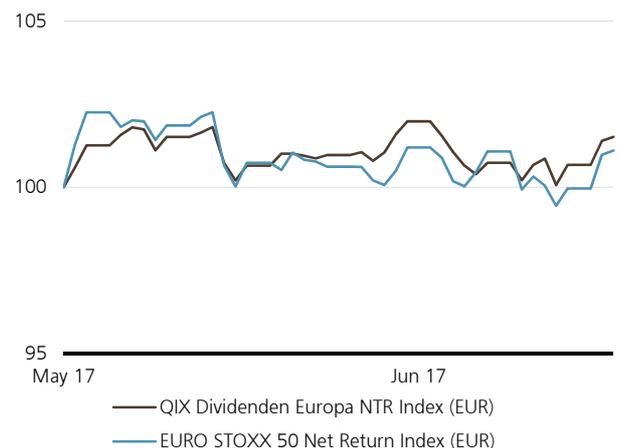
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SIX Symbol

QIXEUU

ubs.com/qix-dividenden-europa

QIX Dividenden Europa NTR Index vs. EURO STOXX 50 Net Return Index



	QIX Dividenden Europa NTR Index	EURO STOXX 50 Net Return Index
Return p.a.	11.9%	8.5%
Volatility p.a.	5.9%	8.1%
Sharpe Ratio	2.0	1.1

Source: Bloomberg, UBS / Period: 03.05.2017 to 26.06.2017. This historical data is not a reliable indicator for the future performance.

IV. Transparent index methodology

The index "QIX Dividenden Europa" is managed by TraderFox GmbH and calculated by Solactive AG. The index began on May 2, 2017, and depicts the development in value of the equities of 25 companies that were chosen based on the selection criteria set out by TraderFox GmbH.



The selection pool comprises companies whose market capitalization amounts to at least 10 billion euros, that have their head office in Europe and whose equities are listed on a European exchange. Moreover, the average daily trading volume of equities over the past three months must amount to at least four million euros.

Once the selection pool has been determined and the liquidity criteria fulfilled, all included equities are ranked based on the eight evaluation criteria specified. For instance, a company receives the highest rank in the category dividend yield if it has the highest dividend yield out of all of the companies. Each company in the selection pool is thus allocated a rank for each individual criterion. These are then used to determine an overall ranking. In addition, companies only qualify for inclusion in the index if the dividend yield relating to the last dividend distributed is higher than the corresponding median in the selection pool. Moreover, the following fixed regional allocation takes place (the company's head office applies in each case):

Region	Number of companies in the index
Germany	6
United Kingdom	5
France	4
Scandinavia	3
Switzerland	3
Others	4
Total	25

Source: TraderFox GmbH, Solactive AG

The 25 highest-ranking companies are then included in the index with an equal weighting. Index adjustments normally take place on a quarterly basis, in each case on the first day of trading on the stock exchange in January, April, July and October. Net dividends from the equities contained in the index are reinvested in the index. The following criteria are used for the selection of index members:

Criteria	Weighting
Expected dividend yield for the current financial year	20%
Volatility of the weekly yield on shares (over the past 3 years)	20%
Historic dividend yield for the past financial year	15%
High dividend continuity	15%
Volatility of the daily yield on shares (over the past 52 weeks)	15%
Stability of the upward trend of shares	10%
Earnings growth in the past 5 years	3%
Stability of earnings growth	2%
Total	100%

Source: TraderFox GmbH, Solactive AG

The current index composition can be found on keyinvest-ch-en.ubs.com.

V. Product solution

The Open End PERLES on the "QIX Dividenden Europa" index mirrors the performance of the underlying index, which reinvests any net dividends paid to the index members, after deducting a management fee of 1.50 percent p.a., with unlimited duration.

Issuer	UBS AG, London Branch
SVSP product type	Tracker certificates (1300)
Ratio	100:1
Management fee	1.50% p.a.
Expiry	Open End
Underlying (currency)	QIX Dividenden Europa NTR Index (EUR)
Issue price	EUR 101.41
ISIN / SIX Symbol	CH0370276682 / QIXEUU

VII. Opportunities

- Equity-linked participation in an investment strategy that uses rule-based equity selection based on quantitative criteria.
- Diversified investment in 25 European companies that stand out due to various quality and assessment criteria and have an above-average dividend yield.
- Highly flexible, up-to-date positioning thanks to quarterly reweighting.
- Tradable every trading day under normal trading conditions.
- No limited maturity.

VIII. 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 investment if the issuer files for bankruptcy.
- The performance of the index essentially depends on the performance and volume of dividends distributed for the equities chosen through the selection process.
- As the equities contained in the index are quoted in different currencies and the certificate does not feature currency hedging, the investor is also subject to an exchange rate risk against the euro, which may have a detrimental effect on the value of certificates.
- 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

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UBS AG

P.O. Box, 8089 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

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