

Disruptive Technologies

Innovative leaps with **revolutionary explosive force**

UBS Open End PERLES on the
Solactive Alpha 8 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 Alpha 8 Global Disruptive Technology TR Index. The index provider Alpha 8 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: 18.01.2016

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

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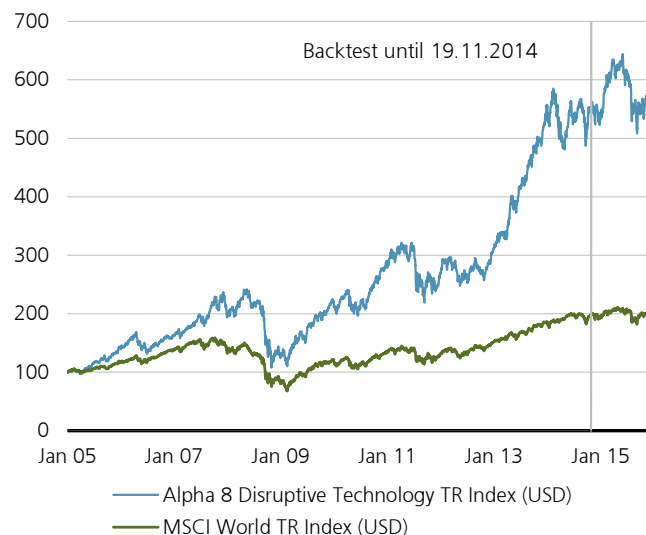
SSPA product type

Tracker certificates (1300)

Currency	Valor	SIX symbol
CHF	30298122	DISCHU
USD	30298121	DISUSU

www.ubs.com/disruptive

Alpha 8 Global Disruptive Technology TR Index vs. MSCI World TR Index



	Alpha 8 Global Disruptive Technology TR Index	MSCI World TR Index
Return p.a.	14.9%	5.4%
Volatility p.a.	23.2%	16.9%
Sharpe Ratio	0.64	0.32

Source: Bloomberg, UBS /Period: 21.01.2005 to 18.01.2016. This chart represents a historical review before 19.11.2014 of the Alpha 8 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 Alpha 8 Global Disruptive Technology TR Index responds to this momentum by continually revising the composition of the index using a "top-down" approach.

Selection of the industries

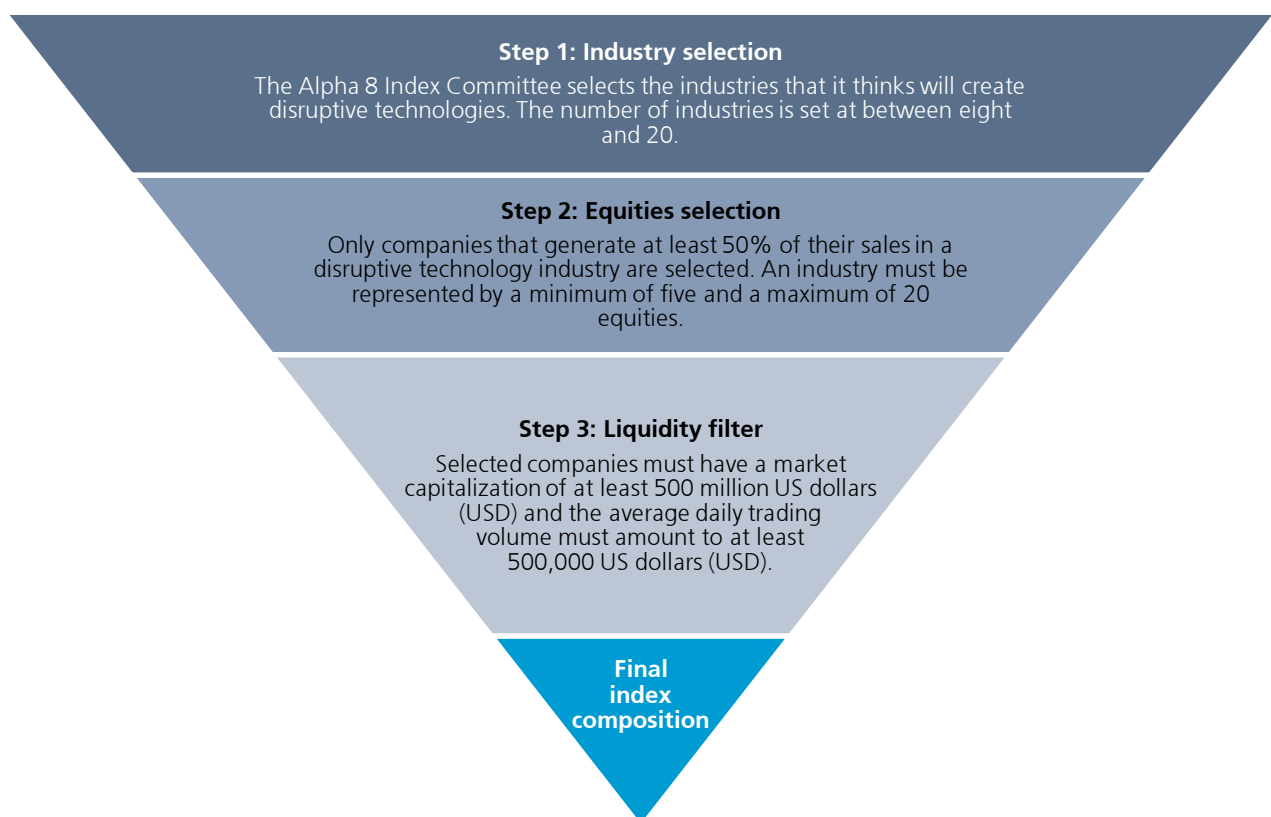
The starting point for selecting equities is to identify industries that the Alpha 8 Index committee deems capable of creating disruptive technologies. The industries contained in the index can therefore be replaced and the number of industries may fluctuate, but the index always includes between eight 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 Alpha 8 Global Disruptive Technology TR 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



As of the start of the public offering of the products on December 9, 2015, ten industries and a total of 98 equities are included in the index. A full list of all the current index members is published at www.ubs.com/disruptive.

IV. The product solutions

The UBS Open End PERLES on the Alpha 8 Global Disruptive Technology TR 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)	Alpha 8 Global Disruptive Technology TR Index (USD)	Alpha 8 Global Disruptive Technology TR 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 Alpha 8 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. See the term sheet for details.

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: www.ubs.com/keyinvest

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