

## Strategic Certificate on a Vandaalen Swiss High Dividends Equities II Reference Portfolio

### Termsheet (Indication)

**SSPA Designation**

Tracker Certificate (1300)

TCM – Triparty Collateral Management

**Contact**

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www.derinet.com

End of subscription: 30 October 2017, 4:00 p.m. (local time Zurich)

In Switzerland, these financial instruments are considered structured products. They are not collective investment schemes within the meaning of the Swiss Federal Act on Collective Investment Schemes (CISA), and are therefore not subject to the regulations of the CISA or the supervision of the Swiss Financial Market Supervisory Authority FINMA. The investors bear the issuer's and the Guarantor's credit risk respectively. These default risks are only reduced by TCM collateralisation.

### Product Description

Strategic Certificates are Tracker-Certificates and provide the opportunity to gain exposure to an investment strategy which is defined by the Portfolio Sponsor. This Investment Strategy is implemented through a discretionary, notional Reference Portfolio which aims to replicate the performance of a real portfolio based on the Investment Strategy. The Strategic Certificate's performance closely mirrors the performance that a real portfolio would have, if it was constituted based on the Investment Strategy, charged with fees and costs. The Portfolio Sponsor is responsible for selection of the respective components of the Reference Portfolio from the defined Investment Universe, as well as for the timing of Rebalancings in the Reference Portfolio.

The risks and the earnings potential of an investment in Strategic Certificates are comparable with an investment in a real portfolio comprising the components of the respective, notional Reference Portfolio. Investors are however not entitled (whether jointly or otherwise) to any claim or property of the investment arrangement for recourse in any event, e.g. neither in the event of a redemption, exercise or termination of the certificates nor in the event the Issuer defaults. Investors are furthermore not entitled to demand any direct investment in (i) the Reference Portfolio's constituents or (ii) other investment products which track or replicate the performance of the Reference Portfolio.

Strategic Certificates with "TCM – Triparty Collateral Management" (TCM) are collateralised in accordance with the terms of the respective Triparty Collateral Management Security Agreement. Further information is available in section "collateralisation" below.

### Product Information<sup>1</sup>

ISIN / Swiss Sec. Number / Symbol	CH0382913793 / 38291379 / PSTBTV
Issue Price	CHF 100.00 (including an issue surcharge of 0.10%)
Reference Currency	CHF; issue, trading and redemption in Reference Currency
SSPA Product Type	Tracker Certificate (1300), see also www.svsp-verband.ch
Underlying	Vandaalen Swiss High Dividends Equities II Reference Portfolio. The Underlying is a CHF denominated discretionary, notional portfolio which aims to replicate the performance of a real portfolio based on that Investment Strategy specified by the Portfolio Sponsor. The investors have exposure to the same performance that a real portfolio would have, if it was constituted based on the Investment Strategy, charged with fees and costs. The Reference Portfolio must only comprise of components from the Investment Universe defined below.
Portfolio Sponsor	Van Daalen & Cie S.A.
Underlying per Strategic Certificate	1.0, i.e. a Strategic Certificate replicates the performance of a notional Reference Portfolio totalling CHF 99.90 at Initial Fixing.
Initial Reference Price of Underlying	CHF 99.90
Initial Fixing	30 October 2017
Payment Date	06 November 2017

<sup>1</sup>All the information and conditions under section 'Product Information' are indicative and may be adjusted (for details see 'Legal Notices').

Maturity	Open End
Redemption Date	5 Bank Business Days after the relevant Termination Date or Exercise Date (as described below)
Redemption Amount	The Redemption Amount per Strategic Certificate corresponds to the Value of the Reference Portfolio on the relevant Termination Date (in case of Issuer's Call) or the relevant Exercise Date (in case of Investor's Exercise) respectively.
Value of the Reference Portfolio	<p>The Value of the Reference Portfolio on any given Bank Business Day corresponds to the sum of the Valuation Prices of the notional Reference Portfolio's components (including any available cash amount), each multiplied by the respective number of that component in the notional Reference Portfolio. Accrued Portfolio Fees, Rebalancing Fees and any additional fees and taxes are deducted from this sum.</p> <p>The Value of the Reference Portfolio is always calculated in the Reference Currency. If the Valuation Price of a Reference Portfolio component is determined in a currency other than the Reference Currency (including cash amounts denominated in a currency other than the Reference Currency), any such amount is translated into the Reference Currency by the Calculation Agent at its reasonable discretion.</p> <p>The Value of the Reference Portfolio and the composition is published by the Calculation Agent every month in a report that is available in electronic form from the Calculation Agent free of charge.</p>
Investment Universe	<p>The Investment Universe comprises</p> <ul style="list-style-type: none"> <li>• Shares or other equities listed on a stock exchange in a country specified in Appendix 1;</li> <li>• Structured Products (derivative securities) which are issued by a Vontobel Group entity;</li> <li>• Cash amounts: <ul style="list-style-type: none"> <li>○ Eligible currencies: CHF,</li> <li>○ Cumulative weighting of all cash amounts mustn't exceed 50% of the Reference Portfolio.</li> </ul> </li> </ul> <p>All Reference Portfolio components must feature sufficient market liquidity as determined by the Calculation Agent in its sole discretion.</p>
Investment Strategy	<p>The Reference Portfolio replicates an Investment Strategy as defined by the Portfolio Sponsor and which is the sole responsibility of the Portfolio Sponsor and without the support or advice of the Issuer and/ or Calculation Agent.</p> <p>Decisions will be made according to the global views of the Portfolio Sponsor's Investment Committee and daily meetings between analysts and portfolio managers. The Underlying is usually composed of at least 5 and up to a maximum of 50 securities (but may also have a cash component) from the Investment Universe, whereby the weighting of any security may not exceed 30 percent at the time of the investment. All funds must be invested in components of the investment universe at all times. The principal investment objective of the certificate is to provide an attractive return over a full investment cycle while aiming to preserve the capital and maintaining its nominal value by investing in Swiss equities. Derivatives are used for hedging purposes and for optimizing returns.</p> <p>The target clients who encompass professional, institutional and qualified investors, expect a turnover of 50 - 100% p.a. The typical investor is looking primarily for income and capital growth and is able to tolerate the risks associated with investments in Swiss equities, either directly or through Structured Products (derivatives securities) issued by Vontobel Group. The investment horizon should be a minimum of 3 years.</p> <p><u>Constraints:</u></p> <ul style="list-style-type: none"> <li>• Short selling of shares, other equities, ETFs, funds, bonds, debentures or other debt instruments is not allowed.</li> </ul> <p>The Portfolio Sponsor has sole responsibility to continuously monitor and comply at any point in time with the Investment Strategy. Neither the Issuer nor the Calculation Agent is obliged to monitor compliance with this Investment Strategy and the Investment Universe.</p>
Investment Process	<p>Tactical asset allocation will be implemented in order to take advantage of market pricing anomalies and/or economic opportunities. As the universe is restrained to Swiss equities, the Portfolio Sponsor will implement tactical moves that are more focused on cash, market capitalization, sectors or industry shifts from the strategic asset allocation. Decisions will be made according to the global views of the Portfolio Sponsor's Investment Committee and daily meetings between analysts, and portfolio managers. This strategy aims to create extra value by taking advantage of certain situations in the marketplace. It must be seen as a moderately active strategy since the Portfolio Sponsor returns to the portfolio's original strategic asset mix when desired short-term profits are achieved. While the Portfolio Sponsor carefully monitors Bloomberg and Telekurs, as well as ECR and external providers data (banks, brokers, asset management companies, etc.), he also provides both qualitative and quantitative inhouse proprietary research. A focus is given on quality of corporate governance, operational performance, above average profitability, capacity to finance growth, valuation, liquidity, momentum and special situations. More specifically, securities that show a high commitment to return capital to shareholders via dividends, share buybacks and any other form of cash return will be favored.</p> <p>Investment Committees for the global strategy and daily meetings with analysts and portfolio managers which take investment decisions or make reassessment occur on a daily basis. The selection is implemented as a core asset of the Portfolio Sponsor, where all stakeholders (analysts and portfolio managers) are able to maintain and develop the process at all levels. Regarding the support system for asset allocation, TeamWork portfolio management and Bloomberg will be used.</p>

Valuation Price	<p>The Valuation Price of a Reference Portfolio component is determined at the sole discretion of the Calculation Agent. Depending on the asset type of the component the Calculation Agents bases its determination upon:</p> <ul style="list-style-type: none"> <li>• Shares or other equities: Closing price at primary market (as determined by Calculation Agent);</li> <li>• Exchange Traded Funds (ETF): Closing price at primary market (as determined by Calculation Agent);</li> <li>• Collective Investment Schemes/ Funds: <ul style="list-style-type: none"> <li>○ In case of daily issue and redemption: Net Asset Value as determined by relevant administrator for the Bank Business Day immediately preceding the current Bank Business Day,</li> <li>○ Otherwise: Last published Net Asset Value;</li> </ul> </li> <li>• Derivative Instruments and Structured Products: <ul style="list-style-type: none"> <li>○ Valuation based upon prices of underlying and applying proprietary, adequate and generally accepted valuation models; if not available:</li> <li>○ Price as disseminated by major financial information service provider;</li> </ul> </li> <li>• Bonds, debentures and other debt instruments: <ul style="list-style-type: none"> <li>○ Price as disseminated by major financial information service provider; if not available;</li> <li>○ Request for quotes to various, independent banks/ brokers; if not available;</li> <li>○ Valuation based upon current price of - in terms of maturity and solvency - comparable, exchange traded instrument; if not available;</li> <li>○ Valuation based upon current market return of comparable instruments.</li> </ul> </li> <li>• Precious metals: price as disseminated by major financial information service provider.</li> <li>• Cash amounts: nominal value.</li> </ul> <p>The Calculation Agent may deviate from such sources in its reasonable discretion or may change such price sources in general without giving prior notice.</p>
Rebalancing	<p>The Portfolio Sponsor is entitled to amend the composition of the Reference Portfolio (“Rebalancing”) on any Bank Business Day by submitting such rebalancing advice to the Issuer and the Calculation Agent. The Issuer and the Calculation Agent may refuse to include individual instruments into the Reference Portfolio without explanation.</p> <p>Notwithstanding the sole responsibility and right of the Portfolio Sponsor to advise on the composition of the Reference Portfolio, the Issuer may modify the cash amounts (decrease and increase) and the number of specific components (decrease only) in the Reference Portfolio at any time and at its sole discretion, without prior approval by the Portfolio Sponsor, to reflect any transactions that the Issuer considers necessary to hedge its risks resulting from the assumption, performance and volume variation of its obligations under the Strategic Certificates.</p>
Stop-Loss	<p>If – on any Bank Business Day – the Value of the Reference Portfolio reaches a level of 50% of the Initial Reference Price of the Underlying or below (Stop-Loss Event) the Issuer may call the Strategic Certificates for early redemption as described below (Issuer’s Call Right). Such termination will be subject to a notice period of five Bank Business Days only.</p> <p>The Issuer may start to unwind and rebalance the Reference Portfolio into cash amounts without involvement of the Portfolio Sponsor immediately after occurrence of a Stop-Loss Event.</p>
Treatment of the yields	<p>The net income attributable to the Reference Portfolio components is credited to the Reference Portfolio in purely mathematical terms. Net income comprises amounts due from the Reference Portfolio components after deduction of any withholding taxes and other fees and charges.</p> <p>Cash amounts in the Reference Portfolio can be “interest-bearing”. The applicable interest rate is determined, periodically adjusted and published by the Calculation Agent based on a widely accepted market reference interest rate for said currency. In case of negative interest rates the Issuer may – in its sole discretion – take into account exemption thresholds for cash amounts in the Reference Portfolio which it considers necessary to hedge its risks resulting from the assumption, performance and volume variation of its obligations under the Strategic Certificates adequately.</p>
Termination by Portfolio Sponsor	<p>Subject to notice period of two months, the Portfolio Sponsor is entitled to terminate the maintenance of the Reference Portfolio’s underlying Investment Strategy at each Reference Date. In such case the Issuer may call the Strategic Certificates for early repayment as described below.</p>
Reference Dates	Each last Bank Business Day of a calendar quarter

## Fees

Distribution fees	Distribution fees of up to 0.1% of the Issue Price in the form of a discount on the Issue Price are paid out to one or several distribution partners with regard to this Strategic Certificate.
Portfolio Fee	<p>1.15% p.a.</p> <p>The Portfolio Fee is split up between the Issuer (0.35% p.a.) and the Portfolio Sponsor (0.65% p.a.) plus the Issuer’s TCM collateralisation fee of 0.15 % p.a. (please refer to the TCM Collateralisation).</p> <p>The Portfolio Fee is calculated on each Bank Business Day on the basis of then current Value of the Reference Portfolio and deducted - on a pro rata basis - on each Bank Business Day from the cash amount, thereby reducing the Value of the Reference Portfolio. The portfolio Fee for the next period will be defined on the Reference Date.</p>

Rebalancing Fee	<p>In case of adjustments to the Reference Portfolio (Rebalancing above) fees are applied (“Rebalancing Fee”) to the rebalanced volume and deducted from the Value of the Reference Portfolio by the Calculation Agent. The specific Rebalancing Fee for each relevant trading venue can be found in Appendix 1. Additionally to the Rebalancing Fee, any Rebalancing related tax or stamp duty, if any, will be deducted from the cash amount, thereby reducing the Value of the Reference Portfolio.</p> <p>The Issuer and the Calculation Agent may adjust Appendix 1 from time to time in their reasonable discretion subject to notice period of one month.</p>
Fees relating to components	Certain components of the Reference Portfolio may be subject to fees themselves. Such fees, e.g. distribution fees resulting from the inclusion of investment funds, structured products, etc. into the Reference Portfolio, are outlined by the respective administrator / issuer in the respective documentation of the component (e.g. prospectus).
Issuer Estimated Value/ Total Expense Ratio	<p>Vontobel estimates the Issuer Estimated Value (IEV) of this product at 99.90%, which gives a Total Expense Ratio (TER) of 1.16% p.a. This TER includes aforementioned distribution fees and the Portfolio Fee (one-off costs are spread over 10 years).</p> <p>Rebalancing Fees are not included in this TER as they are depending on the frequency and volume of Rebalancings. Fees relating to components of the Reference Portfolio are not included in this TER, either.</p>

## Collateralisation

TCM – Triparty Collateral Management	<p>These Strategic Certificates are collateralised in accordance with the terms of the Triparty Collateral Management Security Agreement (“TCM Security Agreement”) dated 13 February 2017 between the Issuer, Bank Vontobel AG (the “Collateral Provider”), SIX Repo AG acting for and on behalf as direct representative of the holder of the Structured Products (the “Collateral Taker”) and SIX SIS AG acting as Depository and Triparty Collateral Manager.</p> <p>The Collateral Provider must provide appropriate collateral. This collateral is pledged in favor of the investors represented for this purpose by the Collateral Taker. The collateral is used to meet the Issuer’s obligations to investors in the event of insolvency or similar events (such as payment failure, restructuring, liquidation, etc.) or in the event of under-collateralisation. The collateral is selected by the Collateral Provider and deposited with SIX SIS AG on a segregated TCM account and deposit in the name of the Collateral Provider. SIX SIS AG does the account and custody administration while the securities are pledged in favor of the investors. The costs of the TCM collateralisation (including loan costs for the necessary collateral) are taken into account during the pricing of the Strategic Certificates and thus indirectly borne by the investors.</p> <p>The Issuance Programme provides more detailed information on TCM for potential investors. In addition, a copy of the TCM Security Agreement is available free of charge from the Issuer or can be obtained from Bank Vontobel AG (Financial Products Documentation, Bleicherweg 21, CH-8022 Zurich or <a href="http://www.derinet.ch">www.derinet.ch</a>).</p>
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## Parties

Issuer	Vontobel Financial Products Ltd., DIFC Dubai, UAE (no credit rating)
Guarantor	Vontobel Holding AG, Zurich (Moody's A3)
Keep-Well Agreement	with Bank Vontobel AG, Zurich (Moody's Counterparty Risk Assessment A2 (cr)) (see complete wording of Keep-Well Agreement in the Issuance Programme)
Lead Manager	Bank Vontobel AG, Zurich
Paying, Exercise and Calculation Agent	Bank Vontobel AG, Zurich
Supervision	Bank Vontobel AG is authorised as a bank and securities dealer in Switzerland and is subject to prudential supervision by the Swiss Federal Financial Markets Regulator (FINMA), while Vontobel Holding AG and Vontobel Financial Products Ltd. as group member companies are subject to complementary, consolidated group supervision by the FINMA. Vontobel Financial Products Ltd. is registered in the register of the Dubai International Finance Centre as a non-regulated company. Neither Vontobel Financial Products Ltd. nor Vontobel Holding AG are financial intermediaries subject to prudential supervision within the meaning of art. 5 para.1 subpara. a ciph. 1.-4. of the CISA.

## Further Information

Issue size	500'000 Strategic Certificates, the size may be increased
Issuer's Call Right	<p>The Issuer shall be entitled to call all outstanding Strategic Certificates with effect at each Reference Date for the purpose of early repayment on the Redemption Date without giving any indication of reasons. The relevant notification has to be published at least one month in advance stating the termination date authoritative for calculating the Redemption Amount (“Termination Date”).</p> <p>In this event, the term of the Strategic Certificates shall end early and all investors in the Strategic Certificates are entitled to receive the respective Redemption Amount on the respective Redemption Date.</p>
Investor's Exercise Right	Investors may exercise the Strategic Certificates they hold on any Bank Business Day. The exercise declaration must be submitted to the Exercise Agent not later than at 15:00 hours (local time Zurich) on a Bank Business Day, in order to be effective on this Bank Business Day. Exercise declarations received after that time will not become effective until the next Bank Business Day. The Bank Business Day on which an exercise becomes effective is an Exercise Date (“Exercise Date”). Any exercise by an Investor prevails over

	an early termination due to Issuer's Call as described above. In case of effective exercise, the investor is entitled to receive the respective Redemption Amount on the respective Redemption Date for the Strategic Certificates exercised.
Extraordinary Termination	If the Portfolio Sponsor terminates or otherwise ceases to maintain the Reference Portfolio's underlying Investment Strategy, the Issuer shall be entitled, but not obliged, to terminate the Strategic Certificate extraordinarily.  The termination shall – except as otherwise stated in the termination notice – take effect from the date on which the notice is published ("Termination Date") and all investors in the Strategic Certificates are entitled to receive the respective Redemption Amount on the respective Redemption Date.
Title	The Strategic Certificates are issued in the form of non-certificated book-entry securities of the Issuer. No certificates, no printing of bonds.
Depository	SIX SIS AG
Clearing / Settlement	SIX SIS AG, Euroclear Brussels, Clearstream (Luxembourg)
Applicable Law / Jurisdiction	Swiss law / Zürich 1, Switzerland
Publication of notifications and adjustments	All notifications to investors concerning the products and adjustments to the product terms (e.g. due to corporate actions) are published under the "Product history" of the respective product at <a href="http://www.derinet.com">www.derinet.com</a> . In the case of products listed at SIX Swiss Exchange notifications are published at <a href="http://www.six-swiss-exchange.com">www.six-swiss-exchange.com</a> in accordance with applicable rules, too.
Secondary market trading	Bank Vontobel AG accepts orders for secondary market transactions from investor's bank and/ or broker. Indicative daily prices of this product are available by telephone.
Listing	None
Minimum Investment	1 Strategic Certificate
Minimum Trading Lot	1 Strategic Certificate

## Tax treatment in Switzerland

Income Tax	This product qualifies under tax law as a "Dynamic Basket Certificate" with active management which corresponds to an "asset pool similar to an investment fund". The investment income accrued (retained) is subject to income tax so far as it is not declared (tax-free) capital gains.  Each year the Calculation Agent will submit the annual accounts for the Reference Portfolio, required for tax purposes, to the FTA. In the case that is not possible for the Calculation Agent to submit to the FTA the mentioned financial statements, taxation will be discretionary and based upon a fair market yield on the net assets per closing date in the Reference Currency.
Withholding Tax	No Swiss Withholding Tax
Issuance Stamp Duty	No Swiss Stamp Duty at issue
Swiss Turnover Tax	Primary and secondary market transactions are subject to Swiss Turnover Tax.
General Information	Transactions and payments relating to this product may be subject to further (foreign) transaction taxes, duties and/or withholding taxes, in particular a withholding tax pursuant to the Section 871(m) of the US Internal Revenue Code. All payments from this product will occur with any applicable taxes and duties deducted.  The taxation mentioned is a non-binding and non-exhaustive summary of the applicable treatment of Swiss-domiciled private investors for tax purposes.  The investor's specific circumstances, however, are not taken into account. We point out that Swiss and/or foreign tax law or the authoritative practice of Swiss and/or foreign tax authorities can change at any time or specify further tax or charge liabilities (possibly even with retrospective effect). Potential investors should have the tax effects of the purchase, holding, sale or repayment of this product examined by their own tax adviser - especially with respect to the effects of taxation under another jurisdiction.

## Prospects of Profit and Losses

Any potential profit consists of the positive difference between the sales price achieved or Redemption Amount (in the event of termination or exercise) and the purchase price. The Strategic Certificates do not provide any current income. The performance corresponds mainly to that of the Underlying Reference Portfolio. A loss is made if the Certificate is sold or redeemed at a lower rate than the purchase price paid. Such a negative scenario can occur if value-determining factors such as interest developments, ratings, changes in creditworthiness or exchange rate developments have a negative effect on individual or several Reference Portfolio components. Negative results due to the Portfolio Sponsor's Investment Strategy cannot be precluded and neither the Issuer nor the Calculation Agent accept any responsibility for the success or for a specific performance of this Investment Strategy. Strategic Certificates don't provide for any capital protection, meaning that the investors may incur a total loss of the capital invested.

## Assumptions and limitations in preparing the market scenarios

The following market scenarios should afford the investor a simplified way of making an assessment of the significant factors that influence the investment performance of the certificate. For a precise analysis of the profit and loss scenarios, reference must be made to the formulas and definitions set out in this Termsheet, (e.g. for "reimbursement"), because these scenarios have been deliberately simplified in order to make them better understandable. With the exception of those certificates for which one of the following factors is defined as the Underlying (e.g. a currency certificate or a certificate of interest), the impact of these risk factors will be excluded from the simplified presentation of the scenario

- Foreign currency risks
- Interest rate risks
- Volatility risks
- Issuer risk
- Fees and costs both stemming from the certificate and for the acquisition and holding of the certificate

### Market scenarios

Maximum gain: Underlying's performance

Maximum loss: 100%

#### Positive scenario:

Indicative performance of the certificate: 0% to Underlying's performance

Necessary performance of Underlying:

- Proportional participation in positive performance

#### Breakeven:

Indicative performance of the certificate: 0%

Necessary performance of Underlying:

- Closing price of Underlying = reference price level at the time of the investment

#### Negative scenario:

Indicative performance of the certificate: Loss of up to 100% possible

Necessary performance of Underlying:

- Closing price of Underlying is lower than the reference price level at the time of the investment

## Significant Risks for Investors

### Currency risks

If the Underlying or Underlyings is/are denominated in a currency other than the product's reference currency, investors should bear in mind that this may involve risks due to fluctuating exchange rates and that the risk of loss does not only depend on the performance of the Underlying(s) but also on any unfavourable performance of the other currency or currencies. This does not apply for currency-hedged products (quanto structure).

### Market risks

The general market performance of securities is dependent in particular on the development of the capital markets which, for their part, are influenced by the general global economic situation as well as by the economic and political framework conditions in the respective countries (so-called market risk). Changes to market prices such as interest rates, commodity prices or corresponding volatilities may have a negative effect on the valuation of the Underlying(s) or the structured product. There is also the risk of market disruptions (such as trading or stock market interruptions or discontinuation of trading) or other unforeseeable occurrences concerning the respective Underlyings and/or their stock exchanges or markets taking place during the term or upon maturity of the structured products. Such occurrences can have an effect on the time of redemption and/or on the value of the structured products.

In the event of trading restrictions, sanctions and similar occurrences, the Issuer is entitled, for the purpose of calculating the value of the structured product, to include at its own discretion the Underlying instruments at their most recently traded price, at a fair value to be established at its sole discretion or indeed as worthless, and/or additionally to suspend pricing in the structured product or liquidate the structured product prematurely.

### Secondary market risks

Under normal market conditions, the Issuer or the lead manager intend to post bid- and ask-prices on a regular basis. However, neither the Issuer nor the lead manager is under any obligation with respect to investors to provide such bid- and ask-prices for specific order or securities volumes, and there is no guarantee of a specific liquidity or of a specific spread (i.e. the difference between bid- and ask-prices), for which reason investors cannot rely on being able to purchase or sell the structured products on a specific date or at a specific price.

### No property rights, no special funds

This certificate corresponds to a theoretical reproduction of the components contained in the Reference Portfolio. The Issuer is not obliged to actually reproduce these components in respect to the Reference Portfolio, which is why no special fund is created for this certificate. Accordingly, the certificate holders have no rights (property rights, separation rights etc.) to the Reference Portfolio components.

### Issuer risk

The value of structured products may depend not only on the performance of the Underlying(s), but also on the creditworthiness of the Issuer/Guarantor, which may change during the term of the structured product. The investor is exposed to the risk of default of the Issuer/Guarantor, which is only reduced by the collateral. The collateral can not eliminate all risks associated with an investment. In particular, if a so-called Realization Event occurs, payments to investors may be delayed for actual or legal reasons. The calculation of the current value of a Structured Product is the

responsibility of the Collateral Provider and is not verified by any third party. For this reason, the collateralisation of a structured product could prove to be inadequate if the calculation of the current value proves to be incorrect.

For further information on the rating of Vontobel Holding AG or Bank Vontobel AG as well as on the collateralisation, please see the Issuance Programme.

### Portfolio Sponsor

The performance of the Reference Portfolio depends on, among other things, the Portfolio Sponsor's competence in selecting the Reference Portfolio components and the timing of the Rebalancings. Neither the Issuer nor the Guarantor monitor the rebalancing advice made by the Portfolio Sponsor in this respect and assumes no responsibility for them.

### Leverage

The Reference Portfolio's universe and strategy may allow for Derivative Instruments enabling Reference Portfolio's notional exposure exceeding the Value of the Reference Portfolio, i.e. there will be leverage. The leverage might vary during the term of the certificate subject to, among others, the use of Derivative Instruments and the Value of the Reference Portfolio. Any change in Derivative Instruments' underlying will, depending on the Current Leverage, have a disproportionate effect on the value of the certificate.

### Stop loss

To make sure that the Reference Portfolio doesn't reach a negative value the terms of the certificate provide for a stop loss that will be activated along the drop, but between the moment the stop loss gets activated and the moment the Issuer can terminate the certificate and determine the Redemption Amount, there will be a delay during which the drop of the Value of the Reference Portfolio can exceed the level of the stop loss (the buffer).

### Classification

In Switzerland, these financial instruments are considered structured products. They are not collective investment schemes within the meaning of the Swiss Federal Act on Collective Investment Schemes (CISA), and are therefore not subject to the regulations of the CISA or the supervision of the Swiss Financial Market Supervisory Authority FINMA.

### Further risk information

Please also note these and additional risk factors set out in detail in the Issuance Programme.

## Selling Restrictions

United Kingdom, U.S.A., U.S. persons

European Economic Area (EEA): Investors should note the selling restrictions: since neither this Termsheet nor the Issuance Programme meets the requirements of the EU Prospectus Directive, the implementing regulations or the national transposing measures, this security must not be publicly offered for sale within the European Economic Area (EEA) until a corresponding prospectus has been drawn up and approved by the supervisory authority, unless: (a) this offer is aimed exclusively at qualified investors, (b) this offer is aimed at fewer than 150 investors in total in each state in the EEA, (c) the minimum investment amount per investor is EUR 100,000 or the securities have a minimum nominal value of EUR 100,000, or (d) the selling price of all the securities offered is less than EUR 100,000.

Please also note these and additional selling restrictions set out in detail in the Issuance Programme.

## Legal Notices

### Product documentation

Only the Termsheets published at [www.derinet.ch](http://www.derinet.ch) along with the associated notices and adjustments shall be legally valid.

The original version of the Termsheet is in English; other language versions constitute non-binding translations. The Issuer and/or Bank Vontobel AG is entitled to correct spelling mistakes, calculation or other obvious errors in this Termsheet and to make editorial changes, as well as to amend or supplement contradictory or incomplete provisions, without the consent of the investors.

Up until the fixing date, the product terms designated as such of the "Termsheet (Indication)" are indicative and may be adjusted. The Issuer is under no obligation to issue the product. The "Termsheet (Final Terms)", which is usually issued on the date of the initial fixing, contains a summary of the most important final terms and information, and constitutes the "Final Terms" pursuant to art. 21 of the Additional Rules for the Listing of Derivatives of SIX Swiss Exchange. Together with the current Issuance Programme, registered with SIX Swiss Exchange (the "Issuance Programme"), the Final Terms constitute the complete listing prospectus according to the Listing Rules. In the event of discrepancies between this Termsheet and the Issuance Programme, the provisions of the Final Terms shall take precedence.

For structured products not listed on the SIX Swiss Exchange, the Termsheet (Indication) constitutes the preliminary simplified prospectus and the Termsheet (Final Terms) constitutes the definitive simplified prospectus pursuant to art. 5 of the Federal Act on Collective Investment Schemes (CISA). In addition, reference is also made (with the exception of the provisions authoritative for a listing) to the Issuance Programme, in particular to the detailed information on risks contained therein, to the General Terms and Conditions and to the descriptions of the corresponding product types.

During the entire term of the structured product, all documents may be ordered free of charge from Bank Vontobel AG, Financial Products documentation, Bleicherweg 21, 8002 Zurich (telephone: +41 (0)58 283 78 88, fax +41 (0)58 283 57 67). Termsheets may also be downloaded on the [www.derinet.ch](http://www.derinet.ch) website. Vontobel explicitly rejects any liability for publications on other Internet platforms.

### Further information

The list and information shown do not constitute a recommendation concerning the Underlying in question; they are for information purposes only and do not constitute either an offer or an invitation to submit an offer, or a recommendation to purchase financial products. Indicative information is provided without warranty. The information is not a substitute for the advice that is indispensable before entering into any derivative transaction. Only investors who fully understand the risks of the transaction to be concluded and who are commercially in a position to bear the losses which may thereby arise should enter into such transactions. Furthermore, we refer to the brochure "Special Risks in Securities Trading" which you can order from us.

In connection with the issuing and/or selling of structured products, companies from the Vontobel Group can pay reimbursements to third parties directly or indirectly in different amounts. Such commission is included in the issue price. You can obtain further information from your sales agent upon request.

We will be happy to answer any questions you may have concerning our products on +41 (0)58 283 78 88 from 08.00 – 17.00 (local time Zurich) on Bank Business Days. Please note that all calls to this number are recorded. By calling this number, your consent to such recording is deemed given.

Zurich, 30 October 2017

Bank Vontobel AG, Zürich

Your customer relationship manager will be happy to answer any questions you may have.

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## Appendix 1

Date: 27 November 2017

**Rebalancing Fee** - In case of adjustments to the Reference Portfolio (Rebalancings) the following fees are applied:

Shares or other equities, ETFs	Fee, in basis points (bps) if Sponsor submits Rebalancing Advice		Minimum Fee in
	via electronic service	Not via electronic service	CHF
Switzerland	10	20	100.00
Other	75	80	100.00
<b>Structured products</b>	10	20	100.00

**Important Notices:**

- If Rebalancing Advice contains special qualifiers (e.g. discretionary), above fees will be increased by CHF 80.00.
- In case of absolute amounts stated as (minimum) fees the Calculation Agent may translate these amounts into a relative value and apply to the Rebalancings of the Reference Portfolio in a reasonable manner to replicate the cost effect which a real portfolio would have to bear due to such a rebalancing.