

# UBS Income Goals

## *Investment opportunity in a low yield environment*

### UBS Income Goals

UBS Income Goals are a suite of products with terms of up to 12 months and the following key features:

- each Series is linked to the performance of a basket of Australian equities ("Reference Assets")
- choice of 3 baskets – big four banks, resources, Australian icons
- fixed Periodic Payments every quarter
- daily liquidity
- invested capital is not at risk from price fluctuations of the Reference Assets provided none of the Reference Asset has fallen by 30% or more at maturity

### Why invest now?

In a low yield environment UBS Income Goals offer you an opportunity to enhance the income from your portfolio. Yields on UBS Income Goals are typically higher than cash rates because you take, amongst other risks, equity market risk. Relevantly, you are exposed to some downside risk – if one or more of the Reference Assets have fallen by 30% or more from its Starting Level at maturity (a "Kick-In Event") then each UBS Income Goal Unit will be worth \$0.70 or less.

In return for accepting these risks, you will receive the fixed quarterly distributions regardless of movements in the Reference Asset prices at any time prior to maturity and whilst you are exposed to equity market risk, you have the benefit of a buffer because Reference Assets price falls of anything less than 30% of the respective Starting Level at maturity will have no impact on the Final Value per Unit of \$1.00 (i.e. there is no Kick-In Event).

UBS will issue UBS Income Goals Series on a regular basis, generally every quarter. You can invest in both new and existing Series, which will have

varying terms of up to 12 months and different yields to maturity.

### How does it work?

When you buy UBS Income Goal Units, you buy the right to receive fixed Periodic Payments every quarter, regardless of the performance of the Reference Assets.

At maturity, the Final Value per Unit is calculated as follows:

- if a Kick-In Event has not occurred, Final Value = \$1.00 per Unit  
or
- if a Kick-In Event has occurred because one or more of the Reference Assets has fallen in value by 30% or more on the Maturity Date, the Final Value will reflect the negative performance of the Lowest Performing Reference Asset at maturity (which will be \$0.70 or less).

At maturity you will receive a Delivery Parcel with value equal to the Final Value multiplied by the number of Units that you hold, or you can take advantage of the Agency Sale Arrangement to dispose of the Delivery Parcel and receive cash proceeds instead.

### Key Risks

- A Kick-In event occurs at Maturity, leading to your full investment being at risk to the Reference Assets' downside performance.
- There is NO capital or principal protection of your invested amount – the Final Value could be significantly less than \$1.00 and could be zero if a Kick-In Event occurs.
- You do not participate in any upside performance of the Reference Assets – the maximum Final Value is fixed at \$1.00 per Unit.
- UBS Income Goals will underperform a direct holding of the Reference Assets if the asset

returns (dividends plus price gains over the holding period) exceed the sum of the quarterly Periodic Payments.

- The market value of UBS Income Goals is influenced by multiple factors and will fluctuate over time – changes can occur quickly and be unpredictable.
- You are exposed to the creditworthiness of the product issuer and its guarantor.

### Worked Example

Please note that this example is based on the assumptions listed below. Any share prices, changes in value or returns shown are hypothetical only, are not based on any historical period and are not an indicator of future share prices or returns.

- Purchase Price:** \$1.00 per Unit
- Term:** 12 months
- Reference Assets:** AMP, BHP, TLS, WOW
- Kick-In Level:** 70% of the Starting Level for each Reference Asset
- Kick-In Event:** If at Maturity, the closing price of one or more Reference Asset is at or less than its Kick-in Level
- Periodic Payment:** \$0.0215 per quarter (8.5% p.a.)

At Maturity, the Final Value per Unit is calculated as follows:

- a) If a Kick-in Event has **not** occurred:

\$1.00

OR

- b) If a Kick-in Event **has** occurred:

$\$1 \times \text{Closing Level (w)} \div \text{Starting Level (w)}$

where Closing Level (w) is the closing price of the Lowest Performing Reference Asset at maturity, and Starting Level (w) is the Starting Level of the Lowest Performing Reference Asset.

The Lowest Performing Reference Asset is the Reference Asset that has experienced the largest negative return.

### Scenario 1—NO Kick-in Event occurs

Reference Assets	Starting Level (\$)	Kick-in Level (\$) (70%)	Closing Level at maturity	Closing Level (w) ÷ Starting Level (w)
AMP	\$5.28	\$3.70	\$4.54	86%
BHP	\$22.40	\$15.68	\$17.92	80%
TLS	\$5.15	\$3.61	\$5.25	102%
WOW	\$23.33	\$16.33	\$24.50	105%

- In this example, none of the Reference Assets close at or below their Kick-in Levels at maturity.
- Therefore no Kick-in Event occurred.
- Final Value at maturity = \$1.00 per unit
- You would have received total Periodic Payments of \$0.085 per Unit if you have held the Units for the full 12 month term.

### Scenario 2—A Kick-in Event DOES occur

Reference Assets	Starting Level (\$)	Kick-in Level (\$) (70%)	Closing Level at maturity	Closing Level (w) ÷ Starting Level (w)
AMP	\$5.28	\$3.70	\$3.43	65%
BHP	\$22.40	\$15.68	\$15.23	68%
TLS	\$5.15	\$3.61	\$4.79	93%
WOW	\$23.33	\$16.33	\$25.20	108%

- In this example, both AMP and BHP closed below their Kick-in Levels at maturity and hence a Kick-in Event **has** occurred. AMP is the Lowest Performing Reference Asset at maturity so the Final Value is determined by reference to its negative performance.

Final Value at maturity

= \$1.00 x 65%

= **\$0.65** per unit

- You would have received total Periodic Payments of \$0.085 per Unit if you have held the Units for the full 12 month term.

## Who may consider investing

You may consider investing in UBS Income Goals if you:

- are an experienced investor familiar with equity market risk and structured investments;
- believe the Reference Assets will trade within a relatively narrow price range and none of them will fall in value by 30% or more between the Strike Date and the Maturity Date;
- you are looking for regular periodic income during the period up to the Maturity Date; and
- you take time to actively monitor the prices of the Reference Assets.

## How to invest

UBS Income Goals are issued under a Master Product Disclosure Statement ("Master PDS") and Term Sheets which specify details for each Series.

You should speak to your financial adviser to obtain a copy of the Master PDS and relevant Term Sheet and seek advice before you invest. You should also request a copy of the Daily Rate Sheet which lists the available Series, indicative Unit Prices, indicative yields and distance to Kick-In Levels.

UBS will perform various mandatory due diligence and onboarding checks when it receives your application form. UBS Income Goal Units will be issued to you if and when UBS accepts your application. You may pay your financial adviser an upfront fee which is a percentage of your Total Payment Amount. To exit your investment, simply submit an Investor Sale Form to UBS prior to the Maturity Date.

Various tax consequences will arise when you invest in UBS Income Goals, such as income from Periodic Payments and gains and losses on acquisition and disposal of the Units. Please consult your tax adviser regarding these consequences.

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