

# Daily Income Certificate with 6% p.a. Coupon

Linked to S&P 500® 103% Call Overwrite Strategy  
 Issued by UBS AG, London Branch

Cash Settled  
 SVSP Product Type: Tracker Certificates (1300, Callable)  
 Valor: 54098652 / SIX Symbol: CCOSPU

## Final Terms

This Product does not represent a participation in any of the collective investment schemes pursuant to Art. 7 ff of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, Investors in this Product are not eligible for the specific investor protection under the CISA. Moreover, Investors in this Product bear the issuer risk.

This document (Final Terms) constitutes the Simplified Prospectus for the Product described herein; it can be obtained free of charge from UBS AG, P.O. Box, CH-8098 Zurich (Switzerland), via telephone (+41-(0)44-239 47 03), fax (+41-(0)44-239 69 14) or via e-mail (swiss-prospectus@ubs.com). The relevant version of this document is stated in English; any translations are for convenience only. For further information please refer to paragraph «Product Documentation» under section 4 of this document.

## 1. Description of the Product

### Information on Underlying

|                      |  |
|----------------------|--|
| Underlying           | <b>S&amp;P 500® 103% Call Overwrite Strategy, as described in the Annex 1</b>  |
| Strategy Description | The S&P 500® 103% Call Overwrite Strategy (the “ <b>Strategy</b> ”) replicates daily selling of call options on the S&P 500® (daily allocation will be 1/10 based on the Strategy Level) with strike of 103% based on the forward level and a target expiry of 10 Rebalancing Days together with a long position in a rolling futures index on the S&P 500® and a cash position which accrues interest at the prevailing reference rate (which can be negative from time to time). The Strategy pays a quarterly coupon of 6% p.a. based on the Strategy Portfolio Level which is deducted from the cash position. |

### Product Details

|                             |   |
|-----------------------------|---|
| Security Numbers            | Valor: 54098652 / ISIN: CH0540986525 / WKN: UD7E4T  |
| SIX Symbol                  | CCOSPU  |
| Issue Size                  | Up to 30,500 Certificates (with reopening clause)<br>Increase by 500 to 30,500 as of 10 June 2021                                   |
| Denomination                | USD 1,000.00  |
| Issue Price per Certificate | USD 1,000.00 (unit quotation)   |
| Settlement Currency         | USD   |
| Coupon                      | 6% p.a. on the Strategy Portfolio Level (as described in Annex 1), paid quarterly in arrears on the relevant Coupon Payment Date(s) |
| Quoting Type                | Secondary market prices are quoted dirty; accrued interest is included in the price   |

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**Internet:** [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest) **Product Hotline:** +41-44-239 76 76\*

Investors outside of Switzerland should consult their local client advisors.  
 Please note that calls made to the numbers marked with an asterisk (\*) may be recorded. Should you call one of these numbers, we shall assume that you consent to this business practice.



Early Redemption Amount

If an Early Termination Event has occurred prior to the Expiration Date, then the Investor receives an amount on the relevant Redemption Date per Certificate determined by the Calculation Agent in good faith and in a commercially reasonable manner.

The Early Redemption Amount intends to reflect the prevailing market value of the Product, taking into account any costs incurred by the Issuer unwinding its hedging positions in respect of the Product.

Early Termination Event and Early Termination Date

The Issuer is entitled to terminate the Product early (an "**Early Termination Event**") in full subject to the following notice period:

Monthly, on the last Option Portfolio Business Day in each calendar month (the "**Early Termination Date**"), subject to at least 10 Option Portfolio Business Days prior notice being given to the Investors. The first possible Early Termination Date will be 30 Jun 2020.

**There is no Early Termination right for the investor in this Product.**

## Product Structure

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The Product aims to provide investors with an exposure to the performance of the S&P 500® 103% Call Overwrite Strategy. The S&P 500® 50 103% Call Overwrite Strategy reflects the performance of the Strategy Portfolio, consisting of a basket of short call options on S&P 500®, a long position in a rolling futures index on S&P 500®, a cash position and pays a quarterly coupon of 6% p.a. which is deducted from the cash position, all described in Annex 1.

The performance of the Product will take into account:

- Changes in interest rates and in the funding levels of the Issuer;
- The amount of periodic coupon payments; and
- the prevailing Aggregated Portfolio Level.

Investors should be aware that the Product will be subject to an early redemption if an Early Termination Event is deemed to have occurred prior to the Expiration Date.

## General Information

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|------------------------------|---|
| Issuer                       | UBS AG, London Branch   |
| Rating                       | Aa3 Moody's / A+ S&P's / AA- Fitch  |
| Issuer Supervisory Authority | Swiss Financial Market Supervisory Authority (FINMA). London Branch additionally Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA). Jersey Branch additionally Jersey Financial Services Commission (JFSC). |
| Lead Manager                 | UBS AG, London Branch   |
| Calculation Agent            | UBS AG, London Branch   |
| Paying Agent                 | UBS Switzerland AG  |
| Hedging Party                | UBS AG, London Branch   |
| Business Day                 | London, New York, Zurich  |
| Listing                      | Listing on SIX Swiss Exchange will be applied for.  |

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|------------------------------|---|
| Minimum Investment           | 1 Certificate (subject to Selling Restrictions)   |
| Minimum Trading Lot          | 1 Certificate   |
| Secondary Market             | <p>The Issuer or the Lead Manager, as applicable, intends, under normal market conditions, to provide bid and/or offer prices for the Products on a regular basis. However, the Issuer or the Lead Manager, as applicable, makes no firm commitment to provide liquidity by means of bid and/or offer prices for the Products and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. . Potential Investors therefore should not rely on the ability to sell this Product at a specific time or at a specific price.</p> <p>An Investor in the Product should note that the bid and/or offer prices of the Products, where provided by the Issuer or the Lead Manager, as applicable, are likely to be narrower when all locations listed under the Business Days definition are normally open for trading. Outside of such normal trading hours, the bid and/or offer prices of the Products are likely to be wider, if at all available.</p> |
| Clearing                     | SIX SIS, Euroclear, Clearstream (registered as intermediated securities with SIX SIS AG)  |
| Status                       | Unsecured / Unsubordinated  |
| Form of Deed                 | Uncertificated Securities   |
| Governing Law / Jurisdiction | Swiss / Zurich  |
| Product                      | One Certificate with the given Denomination is equivalent to one (1) "Product". "Products" wherever used herein shall be construed to mean integral multiples of the same, subject to the Issue Size.   |
| Adjustments                  | The terms of the Product may be subject to adjustments during its lifetime. For clients outside of the United Kingdom, any changes with regard to the terms of this Product shall be published on the internet at <a href="http://www.ubs.com/keyinvest">www.ubs.com/keyinvest</a> . Detailed information on such adjustments is to be found in the Product Documentation.  |
| Public Offering              | Switzerland   |
| Distribution Fee             | None  |

## Tax Treatment Switzerland

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|---------------------------|--|
| Swiss Transfer Stamp Duty | Secondary market transactions are subject to Stamp Duty.   |
| Swiss Income Tax          | Taxable income and capital gains/return of capital will not be distinguished by the issuer. The coupon payment is taxable.   |
| Swiss Withholding Tax     | The product is not subject to the Swiss Withholding Tax. It depends on the jurisdiction of the paying agent and of the issuer whether any other withholding tax applies. |

The tax information only provides a general overview over the Swiss tax consequences linked to this product based on the tax laws and the practice of the tax administration at the time of issue. Tax laws and the practice of tax administrations may change, possibly with retroactive effect.

## Classification

This Product does not represent a participation in any of the collective investment schemes pursuant to Art. 7 ff of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this Product are not eligible for the specific investor protection under the

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CISA (this paragraph is relevant to public offerings in Switzerland only). Moreover, Investors in this Product bear the issuer risk.

Furthermore, this Product does not benefit from any depositor protection under Art. 37a under the Swiss Federal Law on Banks and Savings Banks (Banking Act) or other forms of deposit insurance under any other law as might be applicable to this Product.

## 2. Prospects of Profits and Losses

Market expectation Investors in this Product expect a positive performance of the Underlying over the life of the Product.

Effect of the performance of the Underlying on the overall redemption amount or on delivery obligation:

- Positive performance If the Underlying performs positively, Investors realise a positive return.
- Sideways to slightly negative performance If the Underlying performs sideways to slightly negative, the value of the Product will remain constant or decreases.
- Pronounced negative performance Investors may lose some or in the worst case all of the investment as they are fully exposed to the negative performance of the Underlying.

Maximum Return The profit potential is unlimited.

Maximum Loss Investors may lose some or all of the investment as they are fully exposed to the performance of the Underlying.

## 3. Significant Risks for Investors

General risk warning Potential investors should understand the risks associated with an investment in the Product and shall only reach an investment decision after careful considerations with their legal, tax, financial and other advisors of (i) the suitability of an investment in the Product in the light of their own particular financial, fiscal and other circumstances; (ii) the information set out in this document and (iii) the Underlying. The following is a summary of the most significant risks. Further risks are set out in the Product Documentation.

Risk tolerance Investors in this Product should be experienced Investors and familiar with both derivative products and the stock markets and who understand the risks involved in trading in sophisticated and volatile markets. Investors must be willing to make an investment that is exposed to the full down-side risk of the Underlying.

### Product Specific Risks

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|---|--|
| Loss potential  | The investors may lose some or all of the investment as they are fully exposed to the performance of the Underlying.   |
| Capital Protection (at Expiry)  | No. Investors should be aware that the performance of the Product may be negative, and therefore the Redemption Amount or Early Redemption Amount, as the case may be, can be less than the Issue Price.   |
| Risk potential in comparison to a direct investment in the Underlying | The risk potential is similar to a direct investment in the Underlying.  |
| Issuer call right   | Yes  |
| Price Source Disruption Event   | It may become impossible to obtain the relevant price during the lifetime of the Product and/or on the Expiration Date or Early Termination Date due to one or more of the price sources normally used in the relevant market for the Underlying being unavailable because an unscheduled bank closure is declared on short notice in the relevant country or due to |

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the occurrence of any other disruption (each a "Price Source Disruption Event"). The Calculation Agent will determine in good faith in a commercially reasonable manner whether a Price Source Disruption Event has occurred.

A Price Source Disruption Event may lead to (i) a postponement of the Expiration Date or Early Termination Date, as the case may be, and therefore the redemption payment, (ii) to the use of an alternative source price for the relevant price and or (iii) to the unilateral determination of the applicable price by the Calculation Agent.

Such postponement, use of alternative price source and/or determination of the applicable price by the Calculation Agent may affect, materially or otherwise, the Redemption Amount or Early Redemption Amount which the Investor will receive.

**Extraordinary termination risk** The Product contains terms and conditions that allow the Issuer to terminate and redeem the Product prior to the Redemption Date. In case of such extraordinary termination, the Issuer shall pay to the Investors an extraordinary termination amount as determined by the Calculation Agent which is usually equivalent to the market value of the Product. Potential Investors should note that the extraordinary termination amount may deviate from and may be considerably below the amount which would be payable pursuant to the final redemption provisions on the Redemption Date. Investors are not entitled to request any further payments on the Product after the termination date.

**Adjustment risk** Investors should be aware that it cannot be excluded that certain events occur or certain measures are taken (by parties other than the Issuer) in relation to the Underlying which can lead to changes to the Underlying or its concept (e.g. corporate events of a company whose shares constitute an Underlying, Market Disruption Events or other circumstances affecting normal activities). In the case of the occurrence of such events or measures, the Issuer and/or the Calculation Agent are entitled to effect adjustments according to the Product Documentation. Such adjustments might have a negative impact on the value of the Product.

**Notional investment** The Underlying is constructed from "notional" investments in the index underlying the Strategy and there is no actual portfolio of assets to which any person is entitled or in respect of which any person has any direct or indirect ownership interest. Holders of the Products will not have any direct interest or beneficial ownership in the Underlying at any time.

**Unpredictable Market Value of the Product** The market value of, and expected return on, the Products may be influenced by a number of factors, some or all of which may be unpredictable (and which may offset or magnify each other), such as (i) supply and demand for the Products, (ii) the value and volatility of the index underlying the Strategy, (iii) economic, financial, political and regulatory or judicial events that affect the Issuer, the index underlying the Strategy or financial markets generally, (iv) interest and yield rates in the market generally, (v) the time remaining until the Redemption Date, (vi) the Issuer's creditworthiness and (vii) dividend payments on the components of the index underlying the Strategy if any. The market value of the Products may be adversely affected by postponement or alternative provisions for the valuation of the level of the Underlying.

**Underlying performance risk** Potential Investors should note that any amount payable under the Products will depend on the performance of the Underlying. Potential Investors in the Products should be familiar with the behavior of the Underlying and thoroughly understand how the performance of the Underlying may affect payments under, or the market value of, the Products. If the price of the index underlying the Strategy falls materially, the Underlying is unlikely to be able to generate sufficient premiums to compensate for the losses incurred due to a fall of the index underlying the Strategy. It should also be noted that the premiums earned by selling put options are dependent on market levels of implied volatility so if the level of implied volatility decreases then the returns generated by the Underlying may be lower than those generated historically. The value of the Underlying will be impacted as well by notional fees and costs included within the strategy methodology and may include certain deductions or adjustments that synthetically reflect certain factors which may include (A) the transaction and servicing costs that a hypothetical investor would incur if such hypothetical investor were to enter into and maintain a series of direct

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investment positions to provide the same exposure to the constituents of the index Underlying the Strategy, or (B) a notional fee representing the running and maintenance costs of the index Underlying the Strategy. Such deductions will have a negative impact on the performance of the index Underlying the Strategy such that the level of such index Underlying the Strategy would be lower than it would otherwise be, and this may result in an adverse effect on the value of the Products (as described in the Annex).

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| Illiquidity risk in secondary market | <p>The Issuer or the Lead Manager, as applicable, intends, under normal market conditions, to provide bid and/or offer prices for this Product on a regular basis. However, the Issuer or the Lead Manager, as applicable, makes no firm commitment to provide liquidity by means of bid and/or offer prices for this Product, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. Potential investors therefore should not rely on the ability to sell this Product at a specific time or at a specific price. Potential investors should note that prices quoted typically include a spread and therefore may deviate from the market value of the Product. In special market situations, where the Issuer is completely unable to enter into hedging transactions, or where such transactions are very difficult to enter into, the spread between the bid and offer prices in the secondary market may be temporarily expanded, in order to limit the economic risks of the Issuer. Hence, Investors might sell at a price considerably lower than the actual price of the Product at the time of its sale. By selling the Product in the secondary market Investors may receive less than the capital invested. In case of a secondary market transaction, there is a possibility that costs, including taxes, related to or in connection with the Product may arise for Investors that are not paid by the Issuer or imposed by the Issuer.</p> |
| Calculation Agent's discretion       | <p>The Calculation Agent has a broad discretionary authority to make various determinations and adjustments under the Products and, particularly the Strategy, any of which may have an adverse effect on the value and/or the amounts payable under the Products. Prospective investors should be aware that any determinations made by the Calculation Agent may have an impact on the value and financial return of the Products. Where the Calculation Agent is required to make a determination it may do so without taking into account the interests of the holders of the Product.</p>  |
| Market Disruption risk               | <p>Investors are exposed to market disruption events (such as trading disruption, exchange disruption, hedging disruption and early closure of the relevant exchange), which could have an impact on the redemption amount through delay in payment, change in value or suspension of trading in the Product in the secondary market. For a detailed description of such events and their effects please refer to the Product Documentation.</p>  |
| Withholding tax                      | <p>Investors in this Product should note that any payment under this Product may be subject to withholding tax (such as, inter alia, Swiss Withholding Tax, and/or withholding related to FATCA or 871(m) of the US Tax Code). <b>Any payments due under this Product are net of such tax.</b> Please refer to the General Terms and Conditions for detailed information. If the Issuer is required to withhold any amount pursuant to Section 871(m) or FATCA of the U.S. Tax Code, the Issuer will not be required to pay additional amounts with respect to the amount so withheld.</p>  |

## Risk Factors relating to the Issuer

In addition to the market risk with regard to the development of the Underlying, each Investor bears the general risk that the financial situation of the Issuer could deteriorate. The Products constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, particularly in case of insolvency of the Issuer, rank pari passu with each and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The general assessment of the Issuer's creditworthiness may affect the value of the Products. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating agencies such as Moody's, Fitch and Standard & Poor's.

The Issuer Ratings indicated in this document reflect the situation at the time of issuance and may be subject to changes. The actual Issuer Ratings at any given time can be seen on the Issuer's website ([www.ubs.com](http://www.ubs.com)) under "Analysts & Investors".

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## 4. Additional Information

### Product Documentation

This document ("**Final Terms**") constitutes the Simplified Prospectus for the Product and contains the information required by Article 5 CISA (status as of 1 July 2016) and the corresponding Guidelines of the Swiss Bankers Association. The prospectus requirements of Article 652a/Article 1156 of the Swiss Code of Obligations are not applicable.

These Final Terms (Simplified Prospectus) together with the 'General Terms and Conditions for Structured Products on Equity, Commodity and Index Underlyings', stipulated in English and as amended from time to time ("**General Terms and Conditions**") shall form the entire documentation for this Product ("**Product Documentation**"), and accordingly the Final Terms should always be read together with the General Terms and Conditions. The Simplified Prospectus may be provided in various languages, however, only the English version will be relevant and any translations are for convenience only. Definitions used in the Final Terms, but not defined therein shall have the meaning given to them in the General Terms and Conditions. In the event that the Product is listed (see above item 'Listing' under «General Information»), the Product Documentation will be amended in accordance with the listing requirements of the relevant exchange.

The Product Documentation can be obtained free of charge from UBS AG, P.O. Box, CH-8098 Zurich (Switzerland), via telephone (+41-(0)44-239 47 03), fax (+41-(0)44-239 69 14) or via e-mail (swiss-prospectus@ubs.com). In addition, for clients outside of the United Kingdom, the Product Documentation is available on the internet at [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest). Notices in connection with this Product shall be validly given by publication as described in the General Terms and Conditions. Furthermore, for clients outside of the United Kingdom, any changes with regard to the terms of this Product shall be published on the internet at [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest).

### Important Information

This information is communicated by UBS AG and/or its affiliates ("UBS"). UBS may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market in any securities, currencies, financial instruments or other assets underlying the transaction to which this document relates. UBS may provide investment banking and other services to and/or have officers who serve as directors of the companies referred to in this document. UBS' trading and/or hedging activities related to this transaction may have an impact on the price of the underlying asset and may affect the likelihood that any relevant barrier is crossed. UBS has policies and procedures designed to minimise the risk that officers and employees are influenced by any conflicting interest or duty and that confidential information is improperly disclosed or made available.

In certain circumstances UBS sells this Product to dealers and other financial institutions at a discount to the issue price or rebates to them for their account some proportion of the issue price. Further information is available on request.

Structured transactions are complex and may involve a high risk of loss. Prior to entering into a transaction you should consult with your own legal, regulatory, tax, financial and accounting advisors to the extent you consider it necessary, and make your own investment, hedging and trading decisions (including decisions regarding the suitability of this transaction) based upon your own judgement and advice from those advisers you consider necessary. Save as otherwise expressly agreed in writing, UBS is not acting as your financial adviser or fiduciary in any transaction.

This document should not be construed as an offer, personal recommendation or solicitation to conclude a transaction and should not be treated as giving investment advice. The terms of any investment will be exclusively subject to the detailed provisions, including risk considerations, contained in the Information Memorandum, Prospectus or other issuer documentation for the issue of the Products/Notes (the "Prospectus").

Investors who decide to place an order for subscription or purchase of this Product should note that such orders are binding and that the Investors have no right to withdraw or cancel such orders.

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No action has been or will be taken in any jurisdiction that would permit a public offering of the Products described herein. The Products must be sold in accordance with all applicable selling restrictions in the jurisdictions in which they are sold.

There is a possibility that costs, including taxes, related to transactions in connection with this Product may arise for the

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Investor that are not paid by UBS or imposed by it.

## Index Disclaimers

The S&P 500 Index is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by UBS Limited. Standard & Poor's®, S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by UBS Limited. UBS Limited's swap is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P 500 Index.

## Selling Restrictions

**Any Products purchased by any person for resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further documentation relating to this Product in such jurisdiction.**

**The restrictions listed below must not be taken as definitive guidance as to whether this Product can be sold in a jurisdiction. Additional restrictions on offering, selling or holding of this Product may apply in other jurisdictions. Investors in this Product should seek specific advice before on-selling this Product.**

**Switzerland** – This Product may only be distributed in or from Switzerland to Qualified Investors pursuant to Article 10 Paragraphs 3, 3bis, 3ter and 4 of the Swiss Federal Collective Investment Schemes Act ("CISA") and the related Ordinance.

**European Economic Area** - In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") no offer of the Products has been or will be made to the public in that Relevant Member State except that, with effect from and including the Relevant Implementation Date, an offer of such Products to the public may be made in that Relevant Member State:

- (a) Qualified investors: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) Fewer than 150 offerees: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive);
- (c) An offer of Products addressed to investors who acquire Products for a total consideration of at least EUR 100,000 per investor, for each separate offer; and/or
- (d) Other exempt offers: at any time in any other circumstances falling within Article 3 (2) of the Prospectus Directive, provided that no such offer of Products referred to in (a) to (c) above shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "offer of Securities to the public" in relation to any Products in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Products to be offered so as to enable an investor to decide to purchase or subscribe the Products, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

**Hong Kong** - Each purchaser has represented and agreed that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Products, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Products which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

**This is a structured product which involves derivatives. Do not invest in it unless you fully understand and are willing to assume the risks associated with it. If you are in any doubt about the risks involved in the product, you may clarify with the intermediary or seek independent professional advice.**

**Singapore** – This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly,

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## ANNEX 1

### **S&P 500 103% Call Overwrite Strategy**

The S&P 500 103% Call Overwrite Strategy ("**Strategy**") reflects the performance of the Portfolio described in this Annex.

This Annex sets out the methodology used to calculate the level of the Portfolio (the "**Portfolio Level**") in USD (the "**Portfolio Currency**").

**Note:** The terms defined in this Annex shall only apply within this Annex unless specifically defined or referenced outside the Annex.

## 1. Strategy Definitions

**Table 1: Portfolio Details**

| <b>Terms</b>                           | <b>Definition</b>   |
|--|---|
| Portfolio Currency                     | USD   |
| Fee                                    | 0.15% x Leverage Factor   |
| Portfolio Commencement Date            | 11 May 2020   |
| Leverage Factor                        | 1   |
| Initial Value of Cash Position         | 1007.95987752439  |
| Scheduled Trading Day                  | Any day on which each of the Exchange corresponding to each Portfolio Constituent is scheduled to be open for trading for their respective regular trading session (including a half-day or a day on which trading on any such Exchange is scheduled to close prior to its regular closing time). |
| Portfolio Business Day                 | Any day that is a Scheduled Trading Day   |
| Rebalancing Day                        | Each Scheduled Trading Day that is not a half trading day on the relevant exchange for any of the Portfolio Constituent AND which is also a London Business Day   |
| Calendar Day Count Convention          | 365   |
| Scheduled Trading Day Count Convention | 252   |
| Risk Free Rate                         | ICE LIBOR USD OVERNIGHT (BBG: US00O/N Index)*   |

\* If (i) the rate is no longer displayed or is discontinued permanently without an official legal successor rate or (ii) the administrator of the relevant rate fails to obtain or maintain any necessary approvals or registrations, the Issuer is entitled to replace the rate by another rate, representing, at the reasonable discretion of the Calculation Agent, an economically comparable concept, (the "**Successor Rate**"). The Successor Rate and the date it is applied for the first time shall be published without undue delay by way of notification pursuant to the General Terms and Conditions

**Table 2: Option Contract Details**

| <b>Contract Terms</b>       | <b>Definition corresponding to Target Option Contract</b> |
|-----------------------------|---|
| <b>Option Specification</b> |   |
| Currency                    | US Dollar (USD)   |
| Exchange                    | CBOE (Chicago Board of Option Exchange)                   |
| Option Type                 | Call  |
| Style                       | European  |
| <b>Target Parameters</b>    |   |
| Target Maturity Period      | 10 Rebalancing Days                                       |
| Target Strike               | 103%  |
| Strike Type                 | % of Forward  |
| Allocation                  | Leverage Factor x (-1/10)                                 |
| Forward Tolerance           | 5%  |

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|  |  |
|--|--|
| Option Premium Floor                     | 0%   |
| <b>Eligible Universe Details</b>         |  |
| Eligible Listed Options Expiration Dates | Friday of each week (if holiday then prior day)  |
| Eligible Listed Options Settlement Time  | PM Settled   |
| Eligible Listed Options Strike Interval  | USD 5  |
| <b>Cost Details</b>                      |  |
| Option Cost Floor                        | 0.025%   |
| Vega Ratio Min                           | 0.6  |
| Vega Ratio Scale                         | 0.6  |
| IV Barrier                               | 16%  |
| <b>Data Inputs</b>                       |  |
| Underlying Index                         | S&P 500 Index (Bloomberg Ticker: SPX Index)  |
| Underlying Index Sponsor                 | S&P/Dow Jones Indices LLC  |
| Underlying Settlement Index              | An index representing the official closing price of the Underlying Index as published by the Underlying Index Sponsor  |
| Option Settlement Price                  | If the relevant quote size for each of the bid and ask price is greater than 1 contract at 4 p.m. ET (and 1 p.m. ET for half trading days) then, the average of bid and ask price of the relevant option at 4 p.m. ET (and 1 p.m. ET for half trading days) as published by the corresponding Exchange.<br><br>Otherwise, the settlement price of the relevant option is determined by the Calculation Agent on a best efforts basis in a commercially reasonable manner<br><br>ET is the Eastern Time |
| Option Discounting Rate                  | 0% p.a.  |
| Box Rate                                 | ICE USD 1 Month LIBOR (BBG: US0001M Index)*  |

\* If (i) the rate is no longer displayed or is discontinued permanently without an official legal successor rate or (ii) the administrator of the relevant rate fails to obtain or maintain any necessary approvals or registrations, the Issuer is entitled to replace the rate by another rate, representing, at the reasonable discretion of the Calculation Agent, an economically comparable concept, (the “**Successor Rate**”). The Successor Rate and the date it is applied for the first time shall be published without undue delay by way of notification pursuant to the General Terms and Conditions

**Table 3: Rolling Futures Details**

| Terms                                 | Definition  |
|---------------------------------------|---|
| Rolling Futures Index                 | UBS Market Beta US Equity Index ER USD (BBG Ticker: UISEMULE Index)   |
| Rolling Futures Index Sponsor         | UBS   |
| Exchange                              | CME (Chicago Mercantile Exchange)   |
| Rebalancing Cost                      | 0.015%  |
| Carry Cost                            | 0.07%   |
| Rolling Futures Index Rebalancing Day | Each Scheduled Trading Day that is not a half trading day on the relevant exchange for any of the Portfolio Constituent AND which is also a London Business Day |

**Table 4: Market Data Details**

| Market Data(s)              | Market Data Source(s)       |
|-----------------------------|-----------------------------|
| Underlying Index Level      | Reuters Datascope           |
| Underlying Settlement Index | Reuters Datascope           |
| Option Settlement Price     | Realtime via TREP (Reuters) |
| Risk Free Rate              | Reuters Datascope           |
| Option Discounting Rate     | N.A.                        |

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|          |                   |
|----------|-------------------|
| Box Rate | Reuters Datascope |
|----------|-------------------|

## 2. Additional Definitions

**"Allocation"** means for each Target Option Contract, the Allocation specified in Table 2;

**"Box Rate"** means for each Target Option Contract, the Box Rate specified in Table 2. On any Portfolio Business Day "t", the Box Rate is the value published on the relevant Bloomberg ticker specified in Table 2. If no value is published on the relevant Bloomberg ticker on Portfolio Business Day "t", then the last available value shall be used;

**"CDCC"** means the Calendar Day Count Convention as provided in Table 1;

**"Currency"** is defined in Table 2 for each Target Option Contract;

**"Current Options"** means:

- a) in respect of the Portfolio Commencement Date, the list of options detailed in Annex 1a;
- b) in respect of any Portfolio Business Day, all Live Options that are not Expiring Options with respect to such Portfolio Business Day. For the avoidance of doubt, Current Options shall include all New Options;

**"Current Rolling Futures Index"** means:

- a) in respect of the Portfolio Commencement Date, as detailed in Annex 1b;
- b) in respect of any other Portfolio Business Day, all Portfolio Constituents that are Rolling Futures Indices;

**"Disrupted Day"** means any Scheduled Trading Day in respect of which:

- (i) a Market Disruption Event has occurred in relation to any Portfolio Constituent; and/or
- (ii) a Market Disruption Event has occurred in relation to an Portfolio Reference Index Component; and/or
- (iii) any Exchange or any Related Exchange(s) fails to open for trading during its regular trading session; and/or
- (iv) a Hedging Disruption has occurred in relation to any Portfolio Constituent; and/or
- (v) any of the Market Data Source(s) either fails to provide/publish the relevant Market Data or provides/publishes the Market Data that is inaccurate, incomplete and/or does not reflect the true market prices, values or levels (as determined by the Calculation Agent acting in good faith and commercially reasonable manner) for the relevant Scheduled Trading Day.

**"Eligible Listed Options Expiration Dates"** means in respect of each Target Option Contract, as provided in Table 2;

**"Eligible Listed Options Settlement Time"** means in respect of each Target Option Contract, as provided in Table 2;

**"Eligible Listed Options Strike Interval"** means in respect of each Target Option Contract, as provided in Table 2;

**"Exchange"** means, in respect of a Portfolio Constituent, the exchange or quotation system on which that Portfolio Constituent is principally traded, as provided in Table 2 in respect of each relevant Target Option Contract and Table 3 in respect of each relevant Rolling Future Index;

**"Expiring Options"** means in respect of any Portfolio Business Day, all Portfolio Constituents, that are Option Contracts, that are expiring on such Portfolio Business Day;

**"Expiry Date"** means the expiry date of the relevant Portfolio Constituent as determined in accordance with the provisions herein;

**"Far Expiry Date"** shall have the meaning as determined in accordance with the provisions herein;

**"Fee"** is defined in Table 1;

**"Hedging Disruption"** means that the Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any Portfolio Constituent(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to the trading of Strategy,

**"Hedging Party"** means UBS AG, London Branch;

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**"IV Barrier"** is defined in Table 2 for each Target Option Contract;

**"Listed Expiry Dates"** means in respect of any Portfolio Business Day and in respect of each Target Option Contract, all expiry dates corresponding to the Listed Options as of that Portfolio Business Day;

**"Listed Options"** means in respect of any Portfolio Business Day and in respect of each Target Option Contract, all the exchange traded options corresponding to the relevant Underlying Index that are listed on the relevant Exchange with expiry, settlement time and strike multiple corresponding to Eligible Listed Options Expiration Dates, Eligible Listed Options Settlement Time and Eligible Listed Options Strike Interval respectively;

**"Listed Strikes"** means in respect of any Portfolio Business Day and in respect of each Target Option Contract, all strikes corresponding to the Listed Option as of that Portfolio Business Day;

**"Live Options"** means in respect of any Portfolio Business Day, all Portfolio Constituents which are due to expire on or after such Portfolio Business Day;

**"Market Data"** means in the collection of all Market Data(s) as detailed in Table 4;

**"Market Data Source"** means in the collection of all Market Data Source(s) corresponding to each Market Data(s) as detailed in Table 4;

**"Market Disruption Event"** means in respect of any Portfolio Constituent and/or any Portfolio Reference Index Component on any Scheduled Trading Day, the occurrence or existence of:

- (i) suspension or permanent discontinuation of, or limitation imposed on trading in (1) any Portfolio Constituent on the relevant Exchange or any Portfolio Reference Index Component on a relevant Related Exchange or (2) any futures or options contracts relating to such Portfolio Constituent or such Portfolio Reference Index Component on any relevant Related Exchange(s);
- (ii) the closure on any Scheduled Trading Day of the relevant Exchange or Related Exchange in respect of any Portfolio Constituent or, as the case may be, Portfolio Reference Index Component, prior to its scheduled closing time unless such earlier closing is announced by such Exchange or Related Exchange(s) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange(s) on such Scheduled Trading Day; and (ii) the submission deadline for orders to be entered into the relevant Exchange or Related Exchange(s) system for execution as at the close of trading on the relevant Exchange or Related Exchange(s) on such Scheduled Trading Day;
- (iii) an event (other than an early closure as described in sub-paragraph (ii) above) that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for (1) any Portfolio Constituent on the relevant Exchange or any Portfolio Reference Index Component on a Related Exchange or (2) any futures or options contracts relating to such Portfolio Constituent or such Portfolio Reference Index Components on any relevant Related Exchange(s), in each case, as determined by the Calculation Agent

in each case, which the Calculation Agent determines is material;

**"Near Expiry Date"** shall have the meaning as determined in accordance with the provisions herein;

**"New Options"** means in respect of any Portfolio Business Day, all Portfolio Constituents, that are Option Contracts, to which exposure is acquired on such Portfolio Business Day;

**"Option Contract"** means any option contract within the universe of Listed Options with contract terms as stated in Table 2. Each Option Contract "i" corresponding to each Target Option Contract can be uniquely defined using three parameters: (i) Option Expiry Date "ED<sub>i</sub>", (ii) Option Type "X<sub>i</sub>" (where X ∈ {'C=Call', 'P=Put'}) and (iii) Option Strike "K<sub>i</sub>";

**"Option Cost Floor"** is defined in Table 2 for each Target Option Contract;

**"Option Discounting Rate"** means for each Target Option Contract, the Option Discounting Rate specified in Table 2. On any Portfolio Business Day "t", the Option Discounting Rate is the value published on the relevant Bloomberg ticker specified in Table 2. If no value is published on the relevant Bloomberg ticker on Portfolio Business Day "t", then the last available value shall be used;

**"Option Premium Floor"** is defined in Table 2 for each Target Option Contract;

|   |   |
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**"Option Settlement Price"** means for each Target Option Contract, as defined in Table 2;

**"Option Spread"** means, the spread charged for trading the relevant Option Contract as determined in accordance with the provisions herein;

**"Option Strike"** means, the strike level of the relevant Option Contract in accordance with the provisions herein;

**"Option Type"** means for each Target Option Contract, the Option Type specified in Table 2;

**"Option Units"** means the number of units traded of the relevant Option Contract as determined in accordance with the provisions herein;

**"Option Weight"** means the weight in the relevant Option Contract as determined in accordance with the provisions herein;

**"Portfolio Constituents"** means in respect of any Portfolio Business Day, as of close of such Portfolio Business Day all Option Contracts that have non-zero exposure in the portfolio including the option contracts that are due to expire on such Portfolio Business Day PLUS the Rolling Futures Index as detailed in Table 3;

**"Portfolio Reference Index"** means each Underlying Index corresponding to each Portfolio Constituent;

**"Portfolio Reference Index Component"** means in respect of each Portfolio Reference Index any share, financial instrument or security, asset or other component referenced by such Portfolio Reference Index;

**"Related Exchange(s)"** means in respect of each Portfolio Reference Index Component, the exchange or quotation system on which that Portfolio Reference Index Component is principally traded, as determined by the Calculation Agent;

**"Risk Free Rate"** means rate as provided in Table 1. On any day "t", if Table 1 specifies a Bloomberg Ticker rather than a fixed percentage rate then the Risk Free Rate is the value published on the relevant Bloomberg ticker specified in Table 1. If no value is published on the relevant Bloomberg ticker on day "t", then the last available value shall be used;

**"STDCC"** means Scheduled Trading Day Count Convention as provided in Table 1;

**"Strike Type"** means as defined in Table 2 in respect of each Target Option Contract;

**"Target Expiry Date"** means in respect to each Portfolio Business Day "t" that is a Rebalancing Day, for each Target Option Contract the relevant Target Expiry Date will be the Portfolio Business Day that is exactly on or immediately preceding one Target Maturity Period after the relevant Rebalancing Day;

**"Target Maturity Period"** means the period defined in Table 2 in respect of each Target Option Contract;

**"Underlying Index"** is defined in Table 2 for each Target Option Contract;

**"Underlying Index Level"** on any Portfolio Business Day "t" is the closing price of the Underlying Index as published by the Underlying Index Sponsor on that Portfolio Business Day "t";

**"Underlying Index Sponsor"** is defined in Table 2 for each Underlying Index corresponding to each Target Option Contract;

**"Underlying Settlement Index"** is defined in Table 2 for each Target Option Contract;

**"Vega Ratio Min"** is defined in Table 2 for each Target Option Contract; and

**"Vega Ratio Scale"** is defined in Table 2 for each Target Option Contract.

### 3. Generic Functions

3.a.  $\tau_{a,b}^{STD}$ : This function returns the time in years between date 'b' and 'a' using Scheduled Trading Day convention.

$$\tau_{a,b}^{STD} = \frac{STD(a,b)}{STDCC}$$

3.b.  $\tau_{a,b}^{CD}$ : This function returns the time in years between date 'b' and 'a' using Calendar Day convention.

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$$\tau_{a,b}^{CD} = \frac{CD(a,b)}{CDCC}$$

- 3.c. STD(a, b):** This function returns the number of Scheduled Trading Days from (but excluding) the date 'b' to (and including) the date "a". This function can return negative value if day 'b' occurs after date 'a'.
- 3.d. CD(a, b):** This function returns the number of Calendar Days from (but excluding) the date 'b' to (and including) the date "a". This function can return negative value if day 'b' occurs after date 'a'.
- 3.e. N(x):** Function returns the normal cumulative distribution at x.
- 3.f. N'(x):** This function returns the normal probability distribution at x.
- 3.g. Nearest (a, b, X):** This function returns the nearest available strike to 'a' that is a multiple of 'b' within the set of Listed Strikes 'X' such that (i) if there are two available strikes (which are multiples of 'b') that are equidistant to 'a', the lower strike is selected and (ii) there exists both a listed call option as well as a listed put option corresponding to this strike with a valid Option Settlement Price.
- 3.h. Vega (T1, T2, St, Sp, σ, DY, R):** This function returns the vega (Vega) of an option with pricing date 'T1', Option Expiry Date 'T2', Option Strike 'St', spot 'Sp', implied volatility 'σ', implied dividend yield 'DY' and box rate 'R'.

$$\text{Vega} = Sp \times \exp(-DY \times \tau_{T2,T1}^{CDD}) \times N'(d1) \times \sqrt{\tau_{T2,T1}^{STD}}$$

**Where:**

$$d1 = \frac{1}{\sigma \times \sqrt{\tau_{T2,T1}^{STD}}} \times \left[ \ln\left(\frac{F}{St}\right) + \frac{1}{2} \times \sigma^2 \times \tau_{T2,T1}^{STD} \right]; \text{ and}$$

$$F = Sp \times \exp[(R - DY) \times \tau_{T2,T1}^{CD}]$$

- 3.i. ImpVol (T1, T2, St, F, R):** This function returns the implied volatility of an option with pricing date 'T1', Option Expiry Date 'T2', Option Strike 'St', forward 'F' and box rate 'R'.

If  $F \leq St$  the reference option ("**Reference Option**") used for optimization has the Option Type as 'Call'

If  $F > St$ , the reference option ("**Reference Option**") used for optimization has the Option Type as 'Put'

**Objective function (to be minimized):**

$$|BS_{\text{RefOpt}} - \text{OptSet}_{\text{RefOpt},T1}|$$

**Subject to following constraints:**

1. Relative/Absolute accuracy: 1e-11
2.  $0.5\% \leq \sigma \leq 500\%$
3. Maximum number of iterations: 150

**Where:**

If Reference Option is a 'Call' option:  $BS_{\text{RefOpt}} = \exp(-R \times \tau_{T2,T1}^{STD}) \times (F \times N(d1) - St \times N(d2));$

If Reference Option is a 'Put' option:  $BS_{\text{RefOpt}} = \exp(-R \times \tau_{T2,T1}^{STD}) \times (St \times N(-d2) - F \times N(-d1));$

$$d1 = \frac{1}{\sigma \times \sqrt{\tau_{T2,T1}^{STD}}} \left[ \ln\left(\frac{F}{St}\right) + \frac{1}{2} \times \sigma^2 \times \tau_{T2,T1}^{STD} \right];$$

$$d2 = d1 - \sigma \times \sqrt{\tau_{T2,T1}^{STD}};$$

"σ" means the current input implied volatility during the optimizing process; and

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"**OptSet<sub>RefOpt,T1</sub>**" means the Option Settlement Price of the Reference Option as of day T1, as determined in accordance with the provisions herein.

The implied volatility to be returned by this function is rounded to 5<sup>th</sup> decimal place.

**3.j. Spread (i, σ, Vega, Sp):** This function returns the option spread (Option Spread) of an option 'i' with the corresponding implied volatility being 'σ', the corresponding Vega being 'Vega' and the spot being 'Sp'. The Option Cost Floor, Vega Ratio Min, Vega Ratio Scale and IV Barrier is as detailed in Table 2 for the relevant Option Contract "i".

$$\text{Option Spread} = Sp \times \left[ \max \left( \text{Option Cost Floor}_i, \max \left( \text{Vega Ratio Min}_i, \text{Vega Ratio Scale}_i \times \frac{\sigma}{\text{IV Barrier}_i} \right) \times \frac{\text{Vega}}{100 \times Sp} \right) \right]$$

#### 4. Portfolio Level Calculation

##### 4.a. Portfolio Level

On any Portfolio Business Day "t", the Portfolio Level reflects the sum of (i) the Cash Position Level and (ii) the Option Valuation of all Portfolio Constituents "i" that are Current Options in the portfolio.

In respect of each Portfolio Business Day "t" (and subject to the occurrence of an option liquidation event), the Portfolio Level ("**P<sub>t</sub>**") will be determined by the Calculation Agent in accordance with the following formula:

$$P_t = \text{Cash}_t + \sum_{i \in C_t} [\text{OptUnit}_i \times \text{OptVal}_{i,t}] + \text{RFIUnit}_r \times (\text{RFIPrice}_t - \text{RFIPrice}_r)$$

**Where:**

"**Cash<sub>t</sub>**" means the Cash Position Level in respect of Portfolio Business Day "t", as determined in accordance with the provisions herein;

"**C<sub>t</sub>**" means the set or universe of Portfolio Constituents "i" that are Current Options in respect of Portfolio Business Day "t";

"**OptUnit<sub>i</sub>**" means the Option Units of corresponding to Portfolio Constituent "i" that is an Option Contract, as determined in accordance with the provisions herein;

"**OptVal<sub>i,t</sub>**" means the Option Valuation of Portfolio Constituent "i", that is an Option Contract, in respect of Portfolio Business Day "t", as determined in accordance with the provisions herein, provided that where such Portfolio Business Day "t" is a Disrupted Day, then the valuation of such Portfolio Constituent "i" shall be determined by the Calculation Agent in a commercially reasonable manner;

"**RFIPrice<sub>t</sub>**" means the published closing level of the Rolling Futures Index in respect of Portfolio Business Day "t";

"**RFIUnit<sub>r</sub>**" means the unit of Rolling Futures Index in respect of the Rolling Futures Index Rebalancing Day on or immediately preceding Portfolio Business Day "t"; and

"**RFIPrice<sub>r</sub>**" means the published closing level of the Rolling Futures Index in respect of the Rolling Futures Index Rebalancing Day on or immediately preceding Portfolio Business Day "t".

##### 4.b. Cash Position

The Cash Position represents exposure to a notional cash account. The level of the Cash Position (the "**Cash Position Level**") in respect of each Portfolio Business Day "t" ("**Cash<sub>t</sub>**") will be determined by the Calculation Agent in accordance with the following formula:

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$$\text{Cash}_t = \text{Cash}_{t-1} \times [1 + \text{RFR}_{t-1} \times \tau_{t,t-1}^{\text{CD}}] + \text{Cash}_t^{\text{ExpOpt}} + \text{Cash}_t^{\text{NewOpt}} + \text{Cash}_t^{\text{RFI}} - \text{RFIPrice}_{t-1} \times \text{RFIUnit}_{t-1} \\ \times \text{RFICarryCost} \times \tau_{t,t-1}^{\text{CD}} - \text{Coupon}_t - \text{P}_{t-1} \times \text{Fee} \times \tau_{t,t-1}^{\text{CD}}$$

**Where:**

"**Cash<sub>t-1</sub>**" means the Cash Position Level in respect of the Portfolio Business Day immediately preceding Portfolio Business Day "t". In respect of the Portfolio Business Day that is the Portfolio Commencement Date, **Cash<sub>t-1</sub>** is equal to the Initial Value of Cash Position stated in Table 1;

"**RFR<sub>t-1</sub>**" means the Risk Free Rate in respect of the Portfolio Business Day immediately preceding Portfolio Business Day "t";

"**Cash<sub>t</sub><sup>ExpOpt</sup>**" means the cash amount realised by the Portfolio Constituents "i" that are Expiring Options in respect of Portfolio Business Day "t", and will be determined by the Calculation Agent in accordance with the following formula:

$$\text{Cash}_t^{\text{ExpOpt}} = \sum_{i \in E_t} [\text{OptUnit}_i \times \text{OptExpVal}_{i,t}]$$

**Where:**

"**E<sub>t</sub>**" means the set or universe of Portfolio Constituents "i" that are Expiring Options with respect to Portfolio Business Day "t";

"**OptExpVal<sub>i,t</sub>**" means the Option Expiration Value of Portfolio Constituent "i" in respect of Portfolio Business Day "t", as determined in accordance with the provisions herein;

"**Cash<sub>t</sub><sup>NewOpt</sup>**" means the cash amount realised by the New Options in respect of Portfolio Business Day "t". If Portfolio Business Day "t" is not a Rebalancing Day or if no Portfolio Constituents that are New Options are being notionally traded in respect of Portfolio Business Day "t" then **Cash<sub>t</sub><sup>NewOpt</sup>** shall equal zero (0). Otherwise, **Cash<sub>t</sub><sup>NewOpt</sup>** will be determined by the Calculation Agent in accordance with the following formula:

$$\text{Cash}_t^{\text{NewOpt}} = - \sum_{i \in N_t} [\text{OptUnit}_i \times \text{OptVal}_{i,t}] - \sum_{i \in N_t} \text{abs}[\text{OptUnit}_i \times \text{Spread}_{i,t}]$$

**Where:**

"**N<sub>t</sub>**" means the set or universe of Portfolio Constituents "i" that are New Options in respect of Portfolio Business Day "t";

**Spread<sub>i,t</sub>** = Spread(i,  $\sigma_{i,t}$ ,  $v_{i,t}$ ,  $UI_{i,t}$ )

$\sigma_{i,t}$  = ImpVol(t,  $ED_i$ ,  $K_i$ ,  $FwdVal_{i,t}$ ,  $BR_{i,t}$ );

$v_{i,t}$  = Vega(t,  $ED_i$ ,  $K_i$ ,  $UI_{i,t}$ ,  $\sigma_{i,t}$ ,  $BR_{i,t}$  -  $\frac{1}{\tau_{ED_i,t}^{\text{CD}}} \times \ln\left(\frac{FwdVal_{i,t}}{UI_{i,t}}\right)$ ,  $BR_{i,t}$ );

**ED<sub>i</sub>** and **K<sub>i</sub>** represent the Option Expiry Date and Option Strike for the relevant Portfolio Constituent "i";

"**FwdVal<sub>i,t</sub>**" means the Forward Value corresponding to Portfolio Constituent "i" in respect of Portfolio Business Day "t";

"**BR<sub>i,t</sub>**" means the value of the Box Rate corresponding to Portfolio Constituent "i" in respect of Portfolio Business Day "t";

"**UI<sub>i,t</sub>**" means the Underlying Index Level corresponding to Portfolio Constituent "i" in respect of Portfolio Business Day "t".

"**Cash<sub>t</sub><sup>RFI</sup>**" means the cash amount realised by adjusting the units of the Rolling Futures Index in respect of Portfolio Business Day "t" and will be determined by the Calculation Agent in accordance with the following formula:

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If Portfolio Business Day "t" is not a Rolling Futures Index Rebalancing Day, then **Cash<sub>t</sub><sup>RFI</sup>** shall equal zero (0);

Otherwise, if the Portfolio Business Day "t" is the first Rolling Futures Index Rebalancing Day:

$$\mathbf{Cash}_t^{\mathbf{RFI}} = -|\mathbf{RFIUnit}_t| \times \mathbf{RFIPrice}_t \times \mathbf{RFIRebCost}$$

Otherwise:

$$\mathbf{Cash}_t^{\mathbf{RFI}} = \mathbf{RFIUnit}_{r-1} \times (\mathbf{RFIPrice}_t - \mathbf{RFIPrice}_{r-1}) - |\mathbf{RFIUnit}_t - \mathbf{RFIUnit}_{r-1}| \times \mathbf{RFIPrice}_t \times \mathbf{RFIRebCost}$$

**Where:**

**"RFIUnit<sub>t</sub>"** means the number of units of Rolling Futures Index in respect of Portfolio Business Day "t";

**"RFIPrice<sub>t</sub>"** means the published closing level of the Rolling Futures Index in respect of Portfolio Business Day "t";

**"RFIUnit<sub>r-1</sub>"** means the unit of Rolling Futures Index in respect of the Rolling Futures Index Rebalancing Day that is immediately preceding Portfolio Business Day "t";

**"RFIPrice<sub>r-1</sub>"** means the published closing level of the Rolling Futures Index in respect of the Rolling Futures Index Rebalancing Day that is immediately preceding Portfolio Business Day "t"; and

**"RFIRebCost"** means the Rebalancing Cost of the Rolling Futures Index as detailed in Table 3.

**"Coupon<sub>t</sub>"** means the coupon in respect of the Portfolio Business Day "t".

If "t" is Coupon Observation Date,

$$\mathbf{Coupon}_t = 1.5\% \times \mathbf{P}_{t-1}$$

Else,

$$\mathbf{Coupon}_t = 0$$

**"RFIUnit<sub>t-1</sub>"** means the unit of Rolling Futures Index in respect of the Portfolio Business Day that is immediately preceding Portfolio Business Day "t";

**"RFIPrice<sub>t-1</sub>"** means the published closing level of the Rolling Futures Index in respect of the Portfolio Business Day that is immediately preceding Portfolio Business Day "t";

**"RFICarryCost"** means the Carry Cost of the Rolling Futures Index as detailed in Table 3;

**"P<sub>t-1</sub>"** means the Portfolio Level in respect of the Portfolio Business Day immediately preceding the Portfolio Business Day "t". In respect of the Portfolio Business Day that is the Portfolio Commencement Date, **OP<sub>t-1</sub>** is equal to zero; and

**"Fee"** means the fee level as detailed in Table 1.

## 5. Portfolio Rebalancing

In respect of each Portfolio Business Day "t" that is a Rebalancing Day, the Portfolio shall acquire exposure to Option Contract(s) that will form the Portfolio Constituent(s) (corresponding to each Target Option Contract(s)). Each if these Option Contract(s) to which an exposure is acquired will form the New Option(s) with respect to such Portfolio Business Day. The methodology to determine the Option Expiry Date, Option Type, Option Strike, Option Weight and Option Units in respect of such Option Contract is provided below. Once an Option Contract has been traded on a Rebalancing Day, the parameters of that Option Contract like Option Expiry Date, Option Type, Option Strike, Option Weight and Option Units remain unchanged through time until the expiry of the relevant option. All options in the portfolio are held until expiry.

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### 5.a. Option Expiry Date ("ED<sub>i</sub>")

In respect of each Portfolio Business Day "t" that is a Rebalancing Day and for each Target Option Contract, the relevant selected Option Contract(s) "i", the Near Listed Expiry Date and the Far Listed Expiry Dates are determined as:

If the first available Listed Expiry Date falls on or after the relevant Target Expiry Date (**TED<sub>i,t</sub>**) then only one Option Contract is selected with Expiry Date as the first available Listed Expiry Date (the **"Near Expiry Date (NED<sub>i,t</sub>)"**).

Otherwise, two Option Contracts are selected with respective Expiry Dates as the two closest Listed Expiry Dates enclosing the relevant Target Expiry Date, the nearer Listed Expiry Date being the **"Near Expiry Date (NED<sub>i,t</sub>)"** and the farther Listed Expiry Date being the **"Far Expiry Date (FED<sub>i,t</sub>)"**.

### 5.b. Option Type ("X<sub>i</sub>")

In respect of each Portfolio Business Day "t" that is a Rebalancing Day, for each selected Option Contract (s) "i" corresponding to each Target Option Contract the relevant Option Type will be as detailed in Table 2.

### 5.c. Option Strike ("K<sub>i</sub>")

In respect of each Portfolio Business Day "t" that is a Rebalancing Day, for each selected Option Contract "i" with corresponding expiry date being the Expiry Date, the Option Strike is calculated as:

$$K_i = \text{Nearest}(\text{Target Strike}_i \times F_{i,t-1}, \text{Listed Target Strike Interval}_i, \text{Listed Strikes}_{i,t-1})$$

Where:

**"F<sub>i,t-1</sub>"** means the implied forward corresponding to the Expiry Date of Option Contract "i" as of the Portfolio Business Day immediately preceding the Portfolio Business Day "t", as determined in accordance with the provisions herein; and

**"Listed Strikes<sub>i,t-1</sub>"** means in respect to the relevant Option Contract "i", the corresponding Listed Strikes as of the Portfolio Business Day immediately preceding the Portfolio Business Day "t";

**"Target Strike<sub>i</sub>"** means, in respect of each Option Contract, the Target Strike as detailed for each Option Contract in Table 2.

### 5.d. Option Weights ("OptWgt<sub>i</sub>")

In respect of each Portfolio Business Day "t" that is a Rebalancing Day and in respect of each Target Option Contract, the Option Weight for each of the relevant Option Contract(s) "i" is equal to:

- a) If only one Option Contract is selected with Expiry Date being the same as the relevant Near Expiry Date then
  - a. 0% if on Portfolio Business Day "t" the relevant Option Valuation adjusted by the Option Spread divided by the relevant Underlying Index Level is less than the Option Premium Floor;
  - b. If (a) is not applicable, then 100%;
- b) Otherwise, if two Option Contracts are selected with Expiry Dates being the relevant Near Expiry Date and the Far Expiry Date respectively then for each Option Contract
  - a. 0% if on Portfolio Business Day "t" the relevant Option Valuation adjusted by the Option Spread divided by the relevant Underlying Index Level is less than the Option Premium Floor;
  - b. If (a) is not applicable, then:
    - i. For the Option Contract with Expiry Date coinciding with the Near Expiry Date
 
$$\text{OptWgt}_i = \frac{\tau_{TED_{i,t}, FED_{i,t}}^{STD}}{\tau_{NED_{i,t}, FED_{i,t}}^{STD}}$$
    - ii. For the Option Contract with Expiry Date coinciding with the Far Expiry Date

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$$\text{OptWgt}_i = \frac{\tau_{NED_i,t,TED_i,t}^{STD}}{\tau_{NED_i,t,FED_i,t}^{STD}}$$

### 5.e. Option Units ("OptUnit<sub>i</sub>")

In respect of each Portfolio Business Day "t" that is a Rebalancing Day, for each selected Option Contract "i" that shall form part of the New Options, the Option Units to be traded are:

$$\text{OptUnit}_i = \text{Allocation}_i \times \frac{P_{t-1} \times \text{OptWgt}_i}{\text{UI}_{i,t-1}}$$

**Where:**

"**Allocation<sub>i</sub>**" means for the Option Contract "i" the relevant Allocation as detailed in Table 2; and

"**UI<sub>i,t-1</sub>**" means the Underlying Index Level corresponding to Option Contract "i" on the Portfolio Business Day immediately preceding the Portfolio Business Day "t".

If on any Portfolio Business Day "t", the Calculation Agent is unable to determine the Option Units (or the Option Weights) using the above methodology or if such a day is a Disrupted Day, then the Calculation Agent will determine the relevant Option Units on a best efforts basis in a commercially reasonable manner.

## 6. Rolling Futures Index Rebalancing

In respect of each Portfolio Business Day "t" that is a Rolling Futures Index Rebalancing Day, the Portfolio shall acquire exposure to the Rolling Futures Index. The methodology to determine the Rolling Futures Index Units is provided below.

### 6.a. Rolling Futures Index Units ("RFIUnit<sub>t</sub>")

In respect of each Portfolio Business Day "t" that is a Rolling Futures Index Rebalancing Day, for the Rolling Futures Index, the Rolling Futures Index Units to be held are:

$$\text{RFIUnits}_t = \frac{P_{t-1}}{\text{RFIPrice}_{t-1}}$$

On any subsequent Portfolio Business Day "t", the Rolling Futures Index Units held in the portfolio shall remain unchanged:

$$\text{RFIUnits}_t = \text{RFIUnits}_{t-1}$$

**Where:**

"**RFIUnit<sub>t</sub>**" means the number of units of Rolling Futures Index in respect of Portfolio Business Day "t". In respect of the Portfolio Business Day that is the Portfolio Commencement Date, the Rolling Futures Index Units is as detailed in Annex 1b;

"**P<sub>t-1</sub>**" means the Portfolio Level in respect of the Portfolio Business Day immediately preceding the Portfolio Business Day "t". In respect of the Portfolio Business Day that is the Portfolio Commencement Date, **OP<sub>t-1</sub>** is equal to zero; and

"**RFIUnit<sub>t-1</sub>**" means the unit of Rolling Futures Index in respect of the Portfolio Business Day that is immediately preceding Portfolio Business Day "t".

## 7. Calculation of option parameters corresponding to each Portfolio Constituent

In respect of each Portfolio Constituent 'i' that is an Option Contract, also interchangeably referred to as Option Contract 'i', the relevant Option Valuation, Option Expiration Value and Implied Forward is calculated using the provisions herein.

### 7.a. Option Valuation ("OptVal<sub>i,t</sub>")

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For each Portfolio Constituent "i" (that is an Option Contract "i") in respect of each Portfolio Business Day "t", the Option Valuation is equal to:

$$\text{OptionVal}_{i,t} = \text{OptSettPrice}_{i,t} \times \exp(\text{ODR}_t \times \tau_{ED_i,t}^{\text{CD}})$$

**Where:**

"**OptSettPrice<sub>i,t</sub>**" means the Option Settlement Price of the relevant Option i as described in Table 2; and

"**ODR<sub>t</sub>**" means the Option Discounting Rate in respect of the Portfolio Business Day "t".

If on any Portfolio Business Day "t", the Calculation Agent is unable to determine the Option Valuation (or the Option Settlement Price) using the above methodology or if such a day is a Disrupted Day, then the Calculation Agent will determine the relevant Option Valuation on a best efforts basis in a commercially reasonable manner.

### 7.b. Option Expiration Value ("OptExpVal<sub>i</sub>")

For each Portfolio Constituent "i" that is an Option Contract "i", in respect of each Portfolio Business Day "t" that is also the expiry day for the relevant Option Contract, the Option Expiration Value is calculated as follows:

If the relevant Option Type is 'Call' then: **OptExpVal<sub>i</sub> = max(0, USI<sub>i,t</sub> - K<sub>i</sub>)**

If the relevant Option Type is 'Put' then: **OptExpVal<sub>i</sub> = max(0, K<sub>i</sub> - USI<sub>i,t</sub>)**

**Where:**

"**USI<sub>i,t</sub>**" means, the value of the Underlying Settlement Index corresponding to Option Contract "i" as of Portfolio Business Day "t" which is also the Expiry Date for the relevant Option Contract "i".

### 7.c. Forward Value ("FwdVal<sub>i,t</sub>")

On each Portfolio Business Day t, the Forward Value corresponding to each Portfolio Constituent "i" that is an Option Contract "i" is calculated as:

$$\text{FwdVal}_{i,t} = K_{ED_i,t}^{\text{ATM}+} + \left( \text{LOptSet}_t^{\text{ED}_i, \text{C}, K_{ED_i,t}^{\text{ATM}+}} - \text{LOptSet}_t^{\text{ED}_i, \text{P}, K_{ED_i,t}^{\text{ATM}+}} \right) \times \exp(\text{BR}_{i,t} \times \tau_{ED_i,t}^{\text{CD}})$$

**Where:**

**K<sub>ED\_i,t</sub><sup>ATM+</sup>** is, as of Portfolio Business Day "t", the Listed Strike corresponding to Listed Expiry Date corresponding to Expiry of Option Contract "i" (**ED<sub>i</sub>**) for which the difference in the Option Settlement Price corresponding to this Listed Strike for Option Type 'Put' minus Option Type 'Call' is the least positive amount (i.e. it must be strictly positive). Such Listed Strike should be strictly greater than (1 - Forward Tolerance<sub>i</sub>) of U<sub>i,t</sub> and strictly less than (1 + Forward Tolerance<sub>i</sub>) of U<sub>i,t</sub>, where U<sub>i,t</sub> means the Underlying Index Level corresponding to Portfolio Constituent "i" on the Portfolio Business Day "t";

**LOptSet<sub>t</sub><sup>ED<sub>i</sub>, C, K<sub>ED\_i,t</sub><sup>ATM+</sup></sup>** is the Option Settlement Price for the 'Call' option with strike as **K<sub>ED\_i,t</sub><sup>ATM+</sup>** and Expiry Date **ED<sub>i</sub>**, as of such Portfolio Business Day "t"; and

**LOptSet<sub>t</sub><sup>ED<sub>i</sub>, P, K<sub>ED\_i,t</sub><sup>ATM+</sup></sup>** is the Option Settlement Price for the 'Put' option with strike as **K<sub>ED\_i,t</sub><sup>ATM+</sup>** and Expiry Date **ED<sub>i</sub>**, as of such Portfolio Business Day "t".

"**BR<sub>i,t</sub>**" means the value of the Box rate corresponding to Portfolio Constituent "i" in respect of Portfolio Business Day "t";

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If on any Portfolio Business Day "t", the Calculation Agent is unable to determine the Forward Value using the above methodology, then the Calculation Agent will determine the relevant Option Valuation on a best efforts basis in a commercially reasonable manner.

**ANNEX 1a**

| i  | Strike in USD | Option Type | Option Maturity Date | Option Unit  | Option Valuation |
|----|---------------|-------------|----------------------|--------------|------------------|
| 1  | 2875          | C           | 15/05/2020           | -0.006805178 | 65.15            |
| 2  | 2915          | C           | 15/05/2020           | -0.01359487  | 36.15            |
| 3  | 2960          | C           | 15/05/2020           | -0.02031766  | 13.95            |
| 4  | 2945          | C           | 15/05/2020           | -0.027272323 | 19.95            |
| 5  | 3020          | C           | 15/05/2020           | -0.033634456 | 2.35             |
| 6  | 2995          | C           | 15/05/2020           | -0.027005071 | 5.3              |
| 7  | 2990          | C           | 22/05/2020           | -0.006751268 | 16.85            |
| 8  | 2915          | C           | 15/05/2020           | -0.020551707 | 36.15            |
| 9  | 2910          | C           | 22/05/2020           | -0.013701138 | 56.2             |
| 10 | 2925          | C           | 15/05/2020           | -0.01367311  | 30.1             |
| 11 | 2925          | C           | 22/05/2020           | -0.020509665 | 47               |
| 12 | 2950          | C           | 15/05/2020           | -0.006846135 | 17.9             |
| 13 | 2950          | C           | 22/05/2020           | -0.02738454  | 33.3             |
| 14 | 2930          | C           | 22/05/2020           | -0.03426516  | 43.75            |
| 15 | 3010          | C           | 22/05/2020           | -0.025192547 | 11.25            |
| 16 | 3010          | C           | 29/05/2020           | -0.008397516 | 18.6             |

**ANNEX 1b**

| i | Bloomberg Ticker | Rolling Futures Index Unit | Rolling Futures Index Price |
|---|------------------|----------------------------|-----------------------------|
| 1 | UISEMULE Index   | 3.79540382489965           | 263.1419                    |

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