

Termsheet

## Leveraged Certificate on High Yield Fund Basket Volatility Target Strategy

Final Fixing Date 19/02/2027; issued in USD; listed on SIX Swiss Exchange

ISIN CH1349977350 | Swiss Security Number 134997735 | SIX Symbol ZYLLTQ

This Product is collateralised in accordance with the terms and conditions of the TCM Security Agreement for Triparty Collateral Management Products ("TCM Products"). More detailed information regarding the collateralisation can be found in the section "[Information about TCM-Collateralisation](#)" below.

Investors should read the section "Significant Risks" below as well as the section "Risk Factors" of the relevant Issuance and Offering Programme, as amended from time to time. By investing in this product (the "Product"), the Investor may put the capital that he invested in this Product at risk and, in addition, transaction costs may incur. Investors may lose some or all of their capital invested in the Product as well as the transaction costs. Investors are exposed to the credit risk of the Issuer.

Even though translations into other languages might be available, only the English version of the Final Terms or Pricing Supplement and the relevant Issuance and Offering Programme are legally binding.

### For Switzerland:

This Product is a derivative instrument according to Swiss law. It does not qualify as unit of a collective investment scheme pursuant to articles 7 et seqq. of the Swiss Federal Act on Collective Investment Schemes ("CISA") and is therefore neither registered nor supervised by the Swiss Financial Market Supervisory Authority ("FINMA"). Investors do not benefit from the specific investor protection provided under the CISA. This document constitutes advertising within the meaning of article 68 of the Swiss Federal Act on Financial Services ("FinSA").

This document is a termsheet prepared in view of the issuance of the Products and neither a prospectus within the meaning of articles 35 et seqq. of the FinSA, nor a private placement documentation, nor a key information document according to articles 58 et seqq. of the FinSA or any equivalent document under the FinSA. The information contained in this document is not complete and is subject to completion and amendment. This document has neither been reviewed nor approved by a reviewing body pursuant to articles 51 et seqq. FinSA. This document does not, and is not intended to, constitute or contain an offer or invitation to sell, and it is not soliciting offers to buy, the Product in any jurisdiction where such offer or sale is not permitted.

### For EEA:

In the European Economic Area (EEA) this product may only be offered to qualified investors as defined in the Prospectus Regulation or in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer shall require the publication of a prospectus or supplement pursuant to the Prospectus Regulation.

### Product Description

This Product offers the Investor the opportunity to participate in the positive performance of the Fund Basket Volatility Target Strategy above the Strike Level, as described in section "Redemption". Otherwise, the Product will expire worthless.

The Volatility Target Strategy dynamically manages exposure to the Fund Basket of 5 funds to target a volatility level of 3%. The allocation to the Fund Basket varies between 0% and a maximum value of 200%, depending on the realised volatility of the Fund Basket.

Underlying		
Underlying	Initial Fixing Level (100%)*	Strike Level (100%)*
Fund Basket – Volatility Target Strategy	EUR 1'003.6300	EUR 1'003.6300

Fund Basket					
k	Underlying Fund	Manager	Bloomberg Ticker	Underlying Fund Fixing Weight (w,) Level (100%)*	
1	Fidelity Funds - US High Yield Fund	FIL Investment Services UK Ltd	FUHYAEA LX Equity	EUR 29.4000	20%
2	BlackRock Global Funds - US Dollar High Yield Bond Fund	BlackRock Luxembourg SA	MLUDEE2 LX Equity	EUR 32.9700	20%
3	AXA World Funds - US Dynamic High Yield Bonds	AXA Investment Managers Paris SA	AUDEHRA LX Equity	EUR 121.8100	20%
4	M&G Lux Investment Funds 1 - M&G Lux Global Floating Rate High Yield Fund	M&G Luxembourg SA	MGREAHA LX Equity	EUR 11.5854	20%
5	Allianz Global Investors Fund - Allianz Global Floating Rate Notes Plus	Allianz Global Investors GmbH	AGFATH2 LX Equity	EUR 103.2800	20%

Product Details	
Swiss Security Number	134997735
ISIN	CH1349977350
SIX Symbol	ZYLLTQ

\* levels are expressed in percentage of the Initial Fixing Level

<b>Issue Price</b>	4.286%
<b>Issue Size</b>	USD 50'000'000 (can be increased at any time)
<b>Denomination</b>	USD 1'000
<b>Settlement Currency</b>	USD
<b>Warrant Type</b>	Call Warrant
<b>Exercise Style</b>	European
<b>Expiration Date</b>	19/02/2027
<b>Currency Protection</b>	Quanto USD

#### Dates

<b>Initial Fund Basket Calculation Date</b>	29/02/2024
<b>Initial Fixing Date</b>	07/05/2024
<b>Issue Date</b>	13/05/2024
<b>First Exchange Trading Date</b>	13/05/2024 (anticipated)
<b>Last Trading Day/Time</b>	19/02/2027 / Exchange market close
<b>Final Fixing Date</b>	19/02/2027 (subject to Market Disruption Event provisions)
<b>Redemption Date</b>	05/03/2027 (subject to Settlement Disruption Event provisions)

#### Redemption

The Investor is entitled to receive from the Issuer on the Redemption Date per Product:

<b>Scenario 1</b>	If the Final Fixing Level is at or below the Strike Level, the product expires worthless.
<b>Scenario 2</b>	If the Final Fixing Level is above the Strike Level, the Investor will receive a Cash Settlement in the Settlement Currency according to the following formula: Denomination × (Final Fixing Level - Strike Level) / Initial Fixing Level

<b>Strategy Level</b>	In respect of a Strategy Business Day, as defined below.
<b>Strategy Business Day</b>	Means, in respect of the Underlying Funds, any day on which is a Scheduled Trading Day for each Underlying Fund, provided that such day is not a Disrupted Day for any Underlying Fund.
<b>Underlying Fund Level</b>	Means, in respect of a Fund Unit for the respective Underlying Fund and any relevant day, the net asset value (NAV) in respect of such Fund Unit and such day.
<b>Initial Fixing Level</b>	Means the Strategy Level on the Initial Fixing Date, as determined by the Calculation Agent.
<b>Final Fixing Level</b>	Means the Strategy Level on the Final Fixing Date, as determined by the Calculation Agent. See below
<b>Underlying Fund Fixing Level</b>	The Official NAV of the Fund Unit for the respective Underlying Fund on the Initial Fixing Date, as determined by the Calculation Agent.
<b>Issuer's Termination Right</b>	The Issuer has the unconditional right to call all Certificates with immediate effect, with a 15 Business Days period of notice prior to the Final Fixing Date (the " <b>Termination Right</b> ") by announcement (the " <b>Termination Announcement</b> ") on the Lead Manager's website, all in accordance with the General Terms and Conditions of the Programme. The Termination Announcement will specify the Last Trading Day and Final Fixing Date. In case of an exercise of the Issuer's Termination Right, the Issuer will pay to the Investor a Cash Settlement in the Settlement Currency equal to the Redemption Amount.

**Strategy Level (t):** means

$$RS_t = RS_{t-1} \times \left( 1 + E_{t-1} \times \left\{ \left[ \frac{B_t}{B_{t-1}} - 1 \right] - \left( Rate_{t-1} \times \frac{dt}{conv} \right) \right\} \right)$$

Where:

<b><math>RS_t</math></b>	Means the Strategy Level on Strategy Business Day $t$ .
<b><math>RS_{t-1}</math></b>	Means the Strategy Level on Strategy Business Day $t-1$ .
<b><math>E_{t-1}</math></b>	Means the Exposure to the Fund Basket in respect of Strategy Business Day $t-1$ , as calculated in the Section below.
<b><math>B_t</math></b>	Means the Fund Basket Level on Strategy Business Day $t$ .
<b><math>B_{t-1}</math></b>	Means the Fund Basket Level on Strategy Business Day $t-1$ .
<b><math>Rate_{t-1}</math></b>	Means three-month EUR Interbank Offered Rate (the "3-Month EUR EURIBOR", "Reference Rate") as published on the Bloomberg screen page EUR003M <Index> at 11:00 am (Central European time, "Relevant Time"). If such reference rate does not appear on the relevant screen page at or around the Relevant Time or the relevant screen page is unavailable, the Calculation Agent will use the most recently published value of the Reference Rate.
<b><math>conv</math></b>	Means 360.
<b><math>dt</math></b>	Means, in respect of Strategy Business Day $t$ , the number of calendar days falling in the period commencing from, but excluding, Strategy Business Day $t-1$ and ending on, and including, Strategy Business Day $t$ .
<b><math>RS_0</math></b>	Means the Initial Fixing Level
<b>Strategy Business Day <math>t-1</math></b>	Means, in respect of Strategy Business Day $t$ , the Strategy Business Day immediately preceding such Strategy Business Day $t$ .
<b><math>RS_F</math></b>	Means the Final Fixing Level as determined by the Calculation Agent on the Final Fixing Date

#### Exposure (t) :

In order to determine the exposure ("**Exposure**") to the Fund Basket on each Strategy Business Day  $t$ , the Calculation Agent will employ the following volatility target mechanism:

- (i) Firstly, the Calculation Agent will calculate the realised volatility ("**Volatility<sub>t</sub>**") of the Fund Basket in respect of Strategy Business Day  $t$  in accordance with the following formula:

$$Volatility_t = \sqrt{\frac{252}{20} \sum_{i=0}^{19} \left[ \ln \left( \frac{B_{t-i}}{B_{t-i-1}} \right) \right]^2}$$

Where:

$i$  Means the number of Strategy Business Days immediately preceding Strategy Business Day  $t$ .

**Strategy Business Day  $t-i$**  Means, in respect of Strategy Business Day  $t$ , the Strategy Business Day which falls on a number of Strategy Business Days equal to the value of " $i$ " immediately preceding such Strategy Business Day  $t$ . For example, where  $i=1$ , Strategy Business Day  $t-i$  shall be the Strategy Business Day immediately preceding Strategy Business Day  $t$ , where  $i=2$ , Strategy Business Day  $t-i$  shall be the second Strategy Business Day immediately preceding Strategy Business Day  $t$ , and so on.

**Strategy Business Day  $t-i-1$**  Means, in respect of Strategy Business Day  $t-i$ , the Strategy Business Day immediately preceding such Strategy Business Day  $t-i$ .

- (ii) Secondly, the Exposure ("**E<sub>t</sub>**") to the Fund Basket, on Strategy Business Day  $t$ , will be determined by the Calculation Agent in accordance with paragraph (a) or (b) below, as applicable:

- (a) if  $Volatility_t$  is equal to zero, then  $E_t$  shall be equal to the Maximum Weight;
- (b) otherwise,  $E_t$  shall be determined in accordance with the formula below:

$$E_t = \text{Min}(\text{Max}W; \frac{VT}{Volatility_{t-1}})$$

Where:

- MaxW** Means the Maximum Weight, equal to 200%
- Min** Followed by a series of amounts inside brackets means whichever is the lesser of the amounts separated by a semi-colon inside those brackets.
- Volatility<sub>t-1</sub>** Means, in respect of Strategy Business Day  $t$ , the realised volatility of the Fund Basket in respect of Strategy Business Day  $t-1$ , as determined in accordance with the formula above as if each reference to Strategy Business Day  $t$  was a reference to Strategy Business Day  $t-1$ .
- VT** Means the Volatility Target, equal to 3%.

### Fund Basket Level (B)

In respect of each Strategy Business Day falling after the Initial Fixing Date, the Calculation Agent will calculate the Fund Basket Level ("B<sub>t</sub>") in accordance with the following formula:

$$B_t = B_{t-1} \times \left( \sum_{k=1}^5 \frac{NAV_t^k}{NAV_{t-1}^k} \times w_r^k \right)$$

Where:

- NAV<sub>t</sub><sup>k</sup>** Means the Underlying Fund Level of the k<sup>th</sup> Underlying Fund (comprising the Fund Basket) on Strategy Business Day  $t$
- NAV<sub>t-1</sub><sup>k</sup>** Means the Underlying Fund Level of the k<sup>th</sup> Underlying Fund (comprising the Fund Basket) on Strategy Business Day  $t-1$
- w<sub>r</sub><sup>k</sup>** Means the Weight of the k<sup>th</sup> Underlying Fund (comprising the Fund Basket)
- k** Denotes the 1<sup>st</sup> to 5<sup>th</sup> Underlying Fund (k) comprising the Fund Basket.
- B<sub>0</sub>** Means the initial Fund Basket Level and is equal to EUR 1'000 on the Initial Fund Basket Calculation Date.

### General Information

<b>Issuer</b>	Leonteq Securities AG, Guernsey Branch, St Peter Port, Guernsey (Rating: Fitch BBB with stable outlook, JCR BBB+ with stable outlook, Supervisory Authority: FINMA / GFSC)
<b>Collateral Provider (TCM)</b>	Leonteq Securities AG, Guernsey Branch, St Peter Port, Guernsey
<b>Lead Manager</b>	Leonteq Securities AG, Zurich, Switzerland
<b>Calculation Agent</b>	Leonteq Securities AG, Zurich, Switzerland
<b>Paying Agent</b>	Leonteq Securities AG, Zurich, Switzerland
<b>Distribution Fees</b>	No Distribution Fees
<b>Listing/Exchange</b>	SIX Swiss Exchange AG; traded on SIX Swiss Exchange - Structured Products

There is no obligation of the Issuer and/or the Lead Manager or any third party to list the Product or apply for admission to trading at issuance or during the term of the Product. In case of a listed/admitted Product, there is no obligation to maintain a listing/admission during the term of the Product.

<b>Secondary Market</b>	Daily price indications will be available from 09:00 - 17:30 CET on <a href="http://www.leonteq.com">www.leonteq.com</a> , Refinitiv [SIX Symbol]=LEOZ or [ISIN]=LEOZ and Bloomberg [ISIN] Corp or on LEOZ.
<b>Resale</b>	Products may only be sold to a third party with the prior consent of the Lead Manager and only in form of a private placement. Thus, Investors must contact the Lead Manager before they resell the Products.
<b>Quotation Type</b>	Secondary market prices are quoted in percentage.
<b>Settlement Type(s)</b>	Cash Settlement
<b>Minimum Investment</b>	USD 1'000

<b>Minimum Trading Lot</b>	USD 1'000
<b>Clearing</b>	SIX SIS Ltd, Euroclear, Clearstream
<b>Depository</b>	SIX SIS Ltd
<b>Public Offering only in</b>	Switzerland
<b>Form</b>	Uncertificated Securities
<b>Governing Law / Jurisdiction</b>	Swiss / Zurich

**The definition "Issuing Party/Parties" as used herein, means the Issuer, as indicated in section "General Information".**

#### Taxation

<b>Swiss Federal Stamp Duty</b>	Secondary market transactions are not subject to Swiss stamp duty.
<b>Swiss Federal Income Tax (for private investors with tax domicile in Switzerland)</b>	For private investors with tax domicile in Switzerland holding the Product as part of their private property, gains realised during the term of the Product and on the Redemption Date qualify as capital gains and are therefore not subject to the Federal Direct Tax. The tax treatment regarding the cantonal and communal income taxes can differ from the tax treatment regarding the Federal Direct Tax. But in general the income tax treatments are corresponding.
<b>Swiss Withholding Tax</b>	The Product is not subject to Swiss withholding tax.

The tax information provided herein is a non-binding summary and only provides a general overview of the potential Swiss tax consequences linked to this Product at the time of issue. Tax laws and tax interpretation may change at any time, possibly with retroactive effect.

Investors and prospective Investors are advised to consult with their tax advisers with respect to the Swiss tax consequences of the purchase, ownership, disposition, lapse or exercise or redemption of a Product in light of their particular circumstances. The Issuing Parties and the Lead Manager hereby expressly exclude any liability in respect of any possible tax implications.

#### Information with regards to FATCA (Foreign Account Tax Compliance Act)

Any payment under this Product may be subject to withholding tax (such as, inter alia, withholding related to FATCA or 871(m) of the US Tax Code). Any payments due under this Product are net of such tax. If an amount in respect of Section 871(m) of the U.S. Tax Code were to be deducted or withheld from interest, principal or other payments on the Products, none of the Issuer, any Paying Agent or any other person would be required to pay additional amounts as a result of the deduction or withholding of such tax, i.e. the Investor would receive a significant lower amount than he would have received without such deduction or withholding.

#### Product Documentation

It is intended that the Products will be issued under a base prospectus ("Base Prospectus") as per article 45 FinSA approved by SIX Exchange Regulation AG ("SIX Exchange Regulation") in its capacity as Swiss Prospectus Office. Only the Final Terms, which will be available no later than on the Issue Date, together with the Base Prospectus of the relevant Issuance and Offering Programme (the "Programme") dated 21 September 2023 containing all further relevant terms and conditions, shall form the entire and legally binding documentation for this Product ("Product Documentation"). The Final Terms will be registered with SIX Exchange Regulation in its capacity as Swiss Prospectus Office. The Final Terms should always be read together with the Base Prospectus. Definitions used in this Termsheet, but not defined herein, shall have the meaning given to them in the Final Terms and the Base Prospectus. Even though a translation into other languages might be available, only the English version of the Final Terms jointly with the Base Prospectus are legally binding.

The Products may be offered, sold or advertised, directly or indirectly, in Switzerland to retail clients (Privatkundinnen und -kunden) in the meaning of the FinSA ("Retail Clients") in accordance with the FinSA.

A Swiss key information document / key information document in accordance with Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") has been prepared in relation to the Products and may be obtained, free of charge, upon request from the Lead Manager (see the contact details below).

Notices to Investors in connection with this Product shall be validly given in accordance with the terms and conditions of the Programme. In addition, any changes with regard to the terms and conditions of this Product will be published on [www.leonteq.com](http://www.leonteq.com) under the section "Products" or, for listed products, in any other form as permitted by the rules and regulations of the relevant Exchange. Notices to Investors relating to the Issuing Parties will be published under the section "About Leonteq" on [www.leonteq.com](http://www.leonteq.com) and/or on the web page of the respective Issuing Party.

Insofar as this publication contains information relating to a Packaged Retail and Insurance-based Investment Product (PRIIP), a Key Information Document in accordance with the PRIIPs Regulation is available and can be obtained from [www.priipkidportal.com](http://www.priipkidportal.com). Other regulatory documents including the Target Market Assessment are also available, or can be requested, from the same portal.

During the whole term of this Product, the Product Documentation can be ordered free of charge from the Lead Manager at Europaallee 39, 8004 Zurich (Switzerland), via telephone (+41 58 800 1111\*), fax (+41-(0)58-800 1010) or via e-mail ([termsheet@leonteq.com](mailto:termsheet@leonteq.com)). Please note that all calls made to numbers marked with an asterisk (\*) are recorded. By calling such number, your consent to the recording is deemed given.

## Significant Risks

Prospective Investors should ensure that they fully understand the nature of this Product and the extent of their exposure to risks and they should consider the suitability of this Product as an investment in the light of their own circumstances and financial condition. Products involve a high degree of risk, including the potential risk of expiring worthless. Potential Investors should be prepared in certain circumstances to sustain a total loss of the capital invested to purchase this Product as well as the transaction costs. Prospective Investors shall consider the following important risk factors and read the section "Risk Factors" of the Programme for details on all other risk factors to be considered.

This is a structured product involving derivative components. Investors should make sure that their advisors have verified that this Product is suitable for their portfolio taking into account the investor's financial situation, investment experience and investment objectives.

The terms and conditions of the Product may be subject to adjustments during the lifetime of the Product as set out in the Programme.

**Product Specific Risks:** To the extent that this Product is not capital protected, investors may lose some or all of their investment as well as the transaction costs as they are fully exposed to the performance of the Underlyings. The Product does not confer any claim to receive rights and/or payments of the Underlying, such as dividend payments, unless explicitly stated in the documentation governing the Product. Please refer to the Product Documentation as regards the further Product specific risk factors to be taken into account.

**Issuer Risk:** Investors are exposed to the credit risk of the Issuer. If the Issuer is not able to make a payment or becomes insolvent, investors could lose some or all of their investment.

**Market Risk:** Market risk may have a negative impact on the value of and the return on an investment in the Product. Market risk is the risk associated with the effect of changes in market factors such as interest and foreign exchange rates, equity and commodity prices, credit spreads or implied volatilities, on the value of assets and liabilities held for both the short and long term. Market risk may also lead to an early redemption of the Product (e.g. in the event of a hedging disruption).

**Liquidity Risk:** The Issuer or, as the case may be, the guarantor or a third party appointed by the Issuer or guarantor, if any, intends to act as market maker in relation to the Product and it will use commercially reasonable efforts to provide indicative bid and offer prices for the Product on a regular basis under normal market conditions. However, such market maker does not have an obligation to provide prices for the Product. Liquidity of the Product in the secondary market may be limited and an active trading market for the Product may not develop. Accordingly, investors may not be able to sell their Product.

**Currency Risk:** If the investor's reference currency is different from the currency, in which the Product is denominated, the investor bears the currency risk between the two currencies. The fluctuations in exchange rates could have an adverse effect on the value of or return on an investment in the Product, even if the redemption amount would otherwise provide for a positive return. If the Underlyings are calculated in a currency different from the Currency of the Product, the conversion into the Currency of the Product will be carried out at the relevant exchange rate.

**Early Termination and Reinvestment Risk:** The Product may be redeemed prior to its maturity (be it by declaration of the issuer or as a result of certain events specified in the terms of the Product) and investors must consider that in case of such an early redemption, investors will not receive any further coupon payments after the occurrence of the early redemption and the early redemption amount may be significantly below the issue / purchase price paid and the redemption amount payable at maturity. Investors may not be able to reinvest the early redemption amount in a financial instrument with the same profit potential and additional transaction costs may be incurred as a consequence of a reinvestment of the early redemption amount.

**Illiquidity of Underlying:** One or, if applicable, more of the Underlyings might be or become illiquid over the lifetime of the Product. Illiquidity of an Underlying might lead to larger bid/offer spreads of the Product and/or to an extended time period for buying and/or selling the Underlying respective to acquire, unwind or dispose of the hedging transaction(s) or asset(s) or to realise, recover or remit the proceeds of such hedging transaction(s) or asset(s) which might implicate a postponed redemption or delivery and/or a modified redemption amount, as reasonably determined by the Calculation Agent.

**Volatility Target Mechanism Risk:** The strategy underlying the Product has a daily volatility target mechanism, which aims to provide a notional volatility-controlled exposure to the Fund Basket. This is achieved by periodically increasing or decreasing the exposure of the strategy to the Fund Basket, based on the realised volatility of the Fund Basket over a certain period of time relative to a pre-determined volatility target. An increase in the realised volatility of the Fund Basket may decrease the exposure of the strategy to the Fund Basket. Through the operation of the daily volatility target mechanism, an underperformance of the strategy compared to a similar strategy or index without such a mechanism could be observed in periods where the value of the Fund Basket in which the strategy holds a synthetic long position is increasing and, at the same time, the realised volatility exceeds the volatility target. Potential investors in the Product should make their own investigations and form their own views as to the appropriateness or otherwise of the Product, taking into account their own circumstances. In particular, potential investors should note that the Product may not reflect the return that could be realized from a direct investment in the Fund Basket.

## Additional Information / Disclaimer

### Prudential Supervision

Leonteq Securities AG is authorised as securities firm and subject to prudential supervision by FINMA. Leonteq Securities AG, Guernsey Branch is regulated by the Guernsey Financial Services Commission ("GFSC").

### Conflict of Interests

The Issuing Parties and/or the Lead Manager and/or any third party appointed by them, as the case may be, may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market as well as be active on both sides of the market at the same time in any securities, currencies, financial instruments or other assets underlying the products to which this document relates. The Issuer's and Lead Manager's and/or

the appointed third party's trading and/or hedging activities related to this transaction may have an impact on the price of the Underlying and may affect the likelihood that any relevant Barrier Level, if any, is reached.

#### **Remunerations to Third Parties**

Depending on the circumstances the Issuer and/or Lead Manager may sell this Product to financial institutions or intermediaries at a discount to the Issue Price or reimburse a certain amount to such financial institutions or intermediaries (reference is made to section "General Information" herein).

In addition, for certain services rendered by distribution partners and to increase quality and services relating to the Products, the Issuer and/or Lead Manager may from time to time pay recurring fees to such third parties.

Further information is available on request.

#### **Payment of a Coupon**

If the Product stipulates the Payment of a Coupon, the Investor is only entitled to receive the respective coupon payment, if he has purchased/not sold the Product at the latest on the Business Day preceding the respective Coupon Ex-Date for the then prevailing price.

#### **No Offer**

The Termsheet has been prepared for discussion purposes only. It is not an offer to buy the Product described within or enter into any agreement. Neither the Issuer nor any of their officers or employees is soliciting any action based upon it. The Final Termsheet is subject to further discussion and negotiation and also subject to internal approval.

#### **No Representation**

The Issuer and/or Lead Manager makes no representation or warranty relating to any information herein which is derived from independent sources. Furthermore, the Issuer makes no representations as to (i) the suitability of the Product for any particular Investor and (ii) the appropriate accounting treatment or possible tax consequences of investing in the Product or (iii) the future performance of the Product either in absolute terms or relative to competing investments.

#### **ESG**

The Product is not classified as sustainable. No representation as to the sustainability – within the meaning of Regulation (EU) 2020/852 (Taxonomy Regulation) and Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation) or any other sustainability-related law or regulation – of the Product or any Underlying is provided. Any reference to sustainability-related terms in relation to the Product or any Underlying shall not imply the provision of any such representation by the Issuer, the Lead Manager or the Guarantor, as applicable. It is furthermore specified that the Product is not aimed at clients with specific needs regarding sustainability preferences pursuant to Art. 2 No. 7 of the MiFID II Delegated Regulation (EU) 2017/565.

#### **Information about TCM-Collateralisation**

Triparty Collateral Management Products ("**TCM Products**") are structured products with a reduced issuer risk. This protection is provided by means of a collateral pledge. Investors thus profit from increased protection on the invested capital.

The Collateral Provider has entered into a security agreement (as amended or replaced from time to time, the "**TCM Security Agreement**") and TCM Products are collateralised in accordance with the terms of the TCM Security Agreement. The Collateral Provider will provide collateral to secure the value of TCM Products, whereby such collateral can consist among others of the securities that are the direct or indirect underlyings of TCM Products.

The legal position of the Investors and of all involved parties in relation to the collateralisation of TCM Products is determined by the provisions of the TCM Security Agreement. The Issuer shall, upon request, provide the TCM Security Agreement to the Investors free of charge. A copy of the TCM Security Agreement may be obtained from the Lead Manager at Europaallee 39, 8004 Zurich (Switzerland), or via telephone (+41 58 800 1111\*), fax (+41-(0)58-8001010) or email (termsheet@leonteq.com). Please note that all calls made to numbers marked with an asterisk (\*) are recorded. By calling such number, your consent to the recording is deemed given.

More detailed information regarding TCM collateralisation can also be found in the Programme.

The costs with respect to the collateralisation of TCM Products as well as the borrowing costs of the products' collateral may be taken into account for the pricing of TCM Products and may therefore be borne by the Investors, as the case may be.

The payment to the Investors in case of a so-called Realisation Event may be delayed for factual or legal reasons.

To the extent the calculation of the current value of a TCM Product, as published daily by the Collateral Provider on SIX Financial Information, proves to be incorrect, the collateralisation of the TCM Product may be insufficient.

This TCM Product does not constitute a collective investment scheme pursuant to the Federal Act on Collective Investment Schemes (CISA) and does not require authorisation or supervision by the Swiss Financial Market Supervisory Authority FINMA.

#### **Selling restrictions**

No action has been or will be taken to permit a public offering of the Products or possession or distribution of any offering material in relation to the Products in any jurisdiction, where such action for that purpose is required. Consequently, any offer, sale or delivery of the Products, or distribution or publication of any offering material relating to the Products, may only be made in or from any jurisdiction in compliance with applicable laws and regulations not imposing any obligations on the Issuing Parties or the Lead Manager. Possible limitations resulting from legal restrictions with regard to cross-border communication and cross-border business concerning the Products and related information remain reserved.

Most important jurisdictions where the Products may not be publicly distributed are EEA, UK, Hong Kong and Singapore.

The Products may not be offered or sold within the United States or to, or for the account or benefit of US persons (as defined in Regulation S).

Detailed information on Selling Restrictions is published in the Programme which is available on [www.leonteq.com](http://www.leonteq.com) and can be ordered free of charge from the Lead Manager.

## EEA

Each purchaser of the Products represents and agrees that it has not made and will not make an offer of the Products to the public in any Member State of the European Economic Area (each, a "Member State") prior to the publication of a prospectus in relation to the Products which has been approved by the competent authority in the relevant Member State or, where appropriate, approved in another Member State and notified to the competent authority in the relevant Member State, all in accordance with the applicable law, and the Issuer has consented in writing to the use of the prospectus for the purpose of that offer, except the purchaser may make an offer of Products in that relevant Member State:

- solely to legal entities which are qualified investors as defined in the Prospectus Regulation,
- at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Lead Manager; or;
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Products shall require the Issuer or the Lead Manager to publish a prospectus pursuant to Article 1 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Products to the public" in relation to any Products in any 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.