

Strategic Certificate on the EWM Kairos High Yield Bonds Index

Termsheet (Indication)

SSPA Designation

Tracker Certificate (1300)

Contact

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www.derinet.com

End of subscription: 24 September 2019, 16:00 (local time Zurich)

In Switzerland, these financial instruments are considered structured products with an underlying managed on a discretionary basis. They are not collective investment schemes within the meaning of the Swiss Federal Act on Collective Investment Schemes (CISA), and are therefore not subject to the regulations of the CISA or the supervision of the Swiss Financial Market Supervisory Authority FINMA. The investors bear the issuer's and the Guarantor's credit risk respectively.

Product Description

Strategic Certificates are Tracker Certificates and offer the opportunity to participate in the performance of a strategy determined by the Index Sponsor. This strategy is implemented by means of a discretionary, notional index that aims to reflect the performance of a real portfolio based on this strategy. The performance of the index and thus also of the Strategic Certificates reflects the performance that a real portfolio would have if it were managed on the basis of the strategy, charged with fees and costs. The Index Sponsor is responsible for selecting the respective index components from the defined universe and the time of index adjustments.

The risks associated with an investment in Strategic Certificates and the associated earnings potential are comparable to an investment in a real portfolio consisting of the respective components of the notional index. However, investors (either jointly or in any other way) do not acquire any contractual or property rights against to any asset pool, against the virtual index portfolio or against any component of this index or strategy. There is no claim to the index or its components at any time, e.g. neither in the event of redemption, exercise or termination of the Strategic Certificates nor in the event of default by the Issuer. In addition, investors are not entitled to request direct investments in (i) the index components or (ii) other investment products that track or replicate the development of the index.

Product Information¹

ISIN / Valorenummer / Symbol / CFI Code CH0480424537 / 48042453 / PSTEXV / EYAYFI

Issue Price USD 100.25

Reference Currency USD; issue, trading and redemption in Reference Currency

SSPA Product Type Tracker Certificate (1300), see also www.svsp-verband.ch

Initial Fixing 25 September 2019

Payment Date 02 October 2019

Maturity Open End

Redemption Date 5 Bank Business Days after the relevant Termination Date or Exercise Date (as described below)

Underlying EWM Kairos High Yield Bonds Index (further details on the underlying below)

Index Sponsor Edwards Wealth Management AG, Bahnhofstrasse 11, 6301 Zug, Switzerland

Authorized Delegate Edwards Wealth Management AG, Bahnhofstrasse 11, 6301 Zug, Switzerland

Ratio 1.0

Initial Reference Price of Underlying USD 100.00

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

Stop-Loss	If the value of the Underlying equals or falls short of 50% of the Initial Reference Price of the Underlying (Stop-Loss Event), the Index Calculation Agent is entitled to immediately terminate the advisory agreement with the Index Sponsor and to reallocate the index into cash amounts. In this case, the Issuer may terminate the Strategic Certificates for early redemption as described below (Issuer's Call Right). In this case, the notice period is only five Bank Business Days.
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Redemption Amount	The Redemption Amount per Strategic Certificate corresponds to the closing level of the Underlying determined by the Index Calculation Agent on the relevant Termination Date (in case of Issuer's Call) or the relevant Exercise Date (in case of Investor's Exercise) respectively, multiplied by the Ratio, and translated into the Reference Currency at the Relevant Crossrate on such day.
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Underlying

EWM Kairos High Yield Bonds Index	The Underlying is a discretionary, notional index calculated in USD. The Index reflects the performance of a hypothetical portfolio, which is compiled and continuously managed by the Index Sponsor in accordance with the Strategy determined by it.
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The Strategy of the Index Sponsor focuses on the selection of high-yield bonds with a medium credit quality and an average duration of 3 to 6 years. The aim of this Strategy is to achieve a growing income stream and an attractive capital return. The Underlying may contain derivative instruments, bonds, debentures and other debt instruments as well as cash amounts.

Identification	ISIN CH0487961150 / Swiss Sec. Number 48796115 / German Sec. Number A2YY7A
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Index type	Performance Index (Net Return)
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Index Sponsor	Edwards Wealth Management AG, Bahnhofstrasse 11, 6301 Zug, Switzerland
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The Index Sponsor is not subject to prudential supervision.

Index Calculation Agent	Bank Vontobel AG, Financial Products, Gotthardstrasse 43, CH-8002 Zurich
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Information Page	https://indices.vontobel.com
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Guide (description and rules) to the Underlying, information on performance and the composition of the Underlying are available on the Information Page. On the Information Page, the Index Calculation Agent also publishes changes to the Guideline and other changes.

Costs and fees

One-off Costs	None
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Ongoing Costs	Index Fee	At Initial Fixing, the Index Fee amounts to 2.50% per annum on the Index Start Date. The Index Fee can be changed if so agreed between the Index Sponsor and the Index Calculation Agent with (future) effect in each case as of the last Index Day of a calendar quarter within a range of at least 1.90% to a maximum of 2.50% per annum. The Index Calculation Agent reimburses the Index Sponsor for its services. The Index Sponsor receives 1.50% p.a.; otherwise, the Index Fee remains with the Index Calculation Agent.
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	Performance Fee	20.00% p.a. The Index Sponsor may receive a Performance Fee, the amount of which depends on the performance of the Underlying compared to the highest peak in value that the Underlying has reached (High-Water Mark), and 5.00% p.a. Hurdle Rate. The Index Calculation Agent determines the Performance Fee in accordance with the methodology set out in the Guide to the Underlying (available on the Information Page).
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	Other Underlying Costs	In the case of index adjustments, adjustment fees and other costs may apply. More detailed information, in particular on the amount of the fees in case of index adjustments, can be found in the Guide to the Underlying.
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Ongoing costs are generally calculated pro rata temporis by the Index Calculation Agent and deducted pro rata temporis from the cash amount on each index day. Other Underlying Costs are charged to the cash amount on a per-situation basis. This reduces the value of the Underlying and thus the value of the Strategic Certificates.

The Underlying components themselves can also be subject to fees and costs and thus indirectly have a reducing effect on the value of the Underlying. Such fees, e.g. management fees and distribution fees for collective investment schemes/investment units and structured products, are outlined by the respective manager/issuer in the respective documentation of the Underlying component (e.g. prospectus).

Distribution Fee	No distribution fees are included in One-off and Ongoing Costs.
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Parties

Issuer	Vontobel Financial Products Ltd., DIFC Dubai, UAE (no credit rating)
Guarantor	Vontobel Holding AG, Zurich (Moody's Longterm Issuer Rating A3)
Keep-Well Agreement	with Bank Vontobel AG, Zurich (Moody's Longterm Deposit Rating Aa3)
Lead Manager	Bank Vontobel AG, Zurich
Paying, Exercise and Calculation Agent	Bank Vontobel AG, Zurich
Supervision	Bank Vontobel AG is authorised as a bank and securities dealer in Switzerland and is subject to prudential supervision by the Swiss Federal Financial Markets Regulator (FINMA), while Vontobel Holding AG and Vontobel Financial Products Ltd. as group member companies are subject to complementary, consolidated group supervision by the FINMA. Vontobel Financial Products Ltd. is registered in the register of the Dubai International Finance Centre as a non-regulated company. Neither Vontobel Financial Products Ltd. nor Vontobel Holding AG are financial intermediaries subject to prudential supervision within the meaning of art. 5 para.1 subpara. a ciph. 1.-4. of the CISA.

Further Information

Issue size	500'000 Strategic Certificates, the size may be increased
Issuer's Call Right	The Issuer shall be entitled to call all outstanding Strategic Certificates with effect from the last Bank Business Day of each calendar quarter for the purpose of early repayment on the Redemption Date without giving any indication of reasons. The relevant notice has to be published at least one month in advance stating the termination date authoritative for calculating the Redemption Amount ("Termination Date"). In this event, the term of the Strategic Certificates shall end early and all investors in the Strategic Certificates are entitled to receive the respective Redemption Amount on the respective Redemption Date.
Investor's Exercise Right	Investors may exercise the Strategic Certificates they hold on any Bank Business Day. The exercise declaration must be submitted to the Exercise Agent not later than at 15:00 hours (local time Zurich) on a Bank Business Day, in order to be effective on this Bank Business Day. Exercise declarations received after that time will not become effective until the next Bank Business Day. The Bank Business Day on which an exercise becomes effective is an Exercise Date ("Exercise Date"). Any exercise by an Investor prevails over an early termination due to Issuer's Call as described above. In case of effective exercise, the investor is entitled to receive the respective Redemption Amount on the respective Redemption Date for the Strategic Certificates exercised.
Termination of index calculation	If the Index Calculation Agent terminates the license agreement with the Issuer or discontinues the continuation and calculation of the Underlying, the Issuer is entitled, but not obliged, to terminate the Strategic Certificates extraordinarily. Unless otherwise specified in the notice of termination, termination shall take effect on the day of its publication ("Termination Date"). All investors in the Strategic Certificates are entitled to payment of the respective Redemption Amount on the respective Redemption Date.
Title	The Strategic Certificates are issued in the form of non-certificated book-entry securities of the Issuer. No certificates, no printing of bonds.
Depository	SIX SIS AG
Clearing / Settlement	SIX SIS AG, Euroclear Brussels, Clearstream (Luxembourg)
Applicable Law / Jurisdiction	Swiss law / Zürich 1, Switzerland
Publication of Notices and Adjustments	All notices to investors concerning the products and adjustments to the product terms (e.g. due to corporate actions) are published under the "Product history" of the respective product at www.derinet.com . In the case of products listed at SIX Swiss Exchange notices are published at www.six-swiss-exchange.com in accordance with applicable rules, too. The Index Calculation Agent publishes notices relating to the Underlying on the Information Page (see above).
Secondary market trading	Throughout the entire term a secondary trading is conducted. Indicative daily prices of this product are available at www.derinet.com .
Listing	Will be applied for at the SIX Swiss Exchange.
Minimum Investment	1 Strategic Certificate
Minimum Trading Lot	1 Strategic Certificate

Tax treatment in Switzerland

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

Prospects of Profit and Losses

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

Assumptions and limitations in preparing the market scenarios

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

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

Market scenarios

Maximum gain: Underlying's performance

Maximum loss: 100%

Positive scenario:

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

Necessary performance of Underlying:

- Proportional participation in positive performance

Breakeven:

Indicative performance of the certificate: 0%

Necessary performance of Underlying:

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

Negative scenario:

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

Necessary performance of Underlying:

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

Significant Risks for Investors

Currency risks

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

Market risks

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

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

Secondary market risks

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

No property rights, no special funds

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

Issuer risk

The value of structured products may depend not only on the performance of the Underlying(s), but also on the creditworthiness of the Issuer/Guarantor, which may change during the term of the structured product. The investor is exposed to the risk of default of the Issuer/Guarantor.

For further information on the rating of Vontobel Holding AG or Bank Vontobel AG, please see the Issuance Program.

Index Sponsor

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

Leverage

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

Stop loss

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

Classification

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

Further risk information

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

Selling restrictions

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

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

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

Legal Notices

Product documentation

Only the Termsheets published at www.derinet.com along with the associated notices and adjustments shall be legally valid.

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

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

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

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

Further information

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

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

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

Material changes since the most recent annual financial statements

Subject to the information in this Termsheet and the Issuance Program, no material changes have occurred in the assets and liabilities, financial position and profits and losses of the Issuer and the Guarantor respectively since the reporting date or the close of the last financial year or the interim financial statements of the Issuer and, as the case may be, of the Guarantor.

Responsibility for the listing prospectus

Bank Vontobel AG takes responsibility for the content of the listing prospectus and hereby declares that, to the best of its knowledge, the information is correct and that no material facts or circumstances have been omitted.

Zurich, 25 September 2019

Bank Vontobel AG, Zürich

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

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