

**Structured Products**

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**SVSP Swiss Derivative Map™**

Tracker Certificate (1300)



P H A N A R

Julius Bär

## Final Term Sheet and Simplified Prospectus

### Actively Managed Certificate on the PHANAR Active Allocation Portfolio

**In Switzerland, these financial instruments are considered structured products. They do not constitute shares in collective investment schemes within the meaning of the Swiss Federal Act on Collective Investment Schemes (CISA). Therefore they are neither subject to the approval nor supervision by the Swiss Financial Market Supervisory Authority FINMA. The investors do not benefit from the specific investor protection provided under the CISA.**

## Product Description

### Terms

Issuer	Bank Julius Baer & Co. Ltd., Zurich
Lead Manager / Sponsor	Bank Julius Baer & Co. Ltd., Zurich
Calculation Agent	Bank Julius Baer & Co. Ltd., Zurich
Rating of the Issuer	Moody's A1
Advisor	PHANAR Asset Management AG, Zurich
Valor / ISIN	25819969 / CH0258199691
Underlying	PHANAR Active Allocation Portfolio
Currency	EUR Composite
Issue Price	EUR 100 (incl. 0.00% issue surcharge)
Initial Value of the Underlying	EUR 100
Fees	1.50% p.a.
Transaction Costs upon Portfolio Turnover	0.00% on the purchased and sold volumes
Number of Underlyings	1 per Certificate
Fixing Period	29.12.2014
Payment Date	05.01.2015
Maturity Date	Open End
Redemption Date	Fifth Business Day following the day, with regard to which Termination Notice was given. <sup>1)</sup>

<sup>1)</sup> If this day is not a Business Day, the Redemption Date will be the Business Day immediately following this day

### Product Characteristics

Julius Baer Actively Managed Certificates („Certificates“/„Products“) are financial instruments which allow the investor to fully participate in the positive performance of the Underlying, but which also reflect the development of the Underlying if its performance is negative. The Underlying consists of an actively managed basket of securities. This Product is aimed at investors who expect a positive performance of the Underlying.

### Investment Strategy

The Investment Strategy represents an actively managed ETF portfolio, which is based on investment advice and recommendation by P H A N A R Asset Management SA. The Advisor provides an active asset allocation strategy using ETF's and ETN's. It will be invested in ETFs/ETNs with exposure to global equity markets, corporate and government bonds as well as commodities. Under normal circumstances the portfolio is rebalanced monthly.

### Composition of the Underlying

Information about the current composition of the basket is available from the Issuer.

### Responsibilities

Subject to the investment guidelines, the Advisor is responsible for the composition of the basket and the weighting of the basket components. The performance of the basket - and therefore of the Certificate - depends, inter alia, on the quality of the Advisor's investment decisions. Therefore neither the Issuer nor the Sponsor assume responsibility whatsoever for the composition of the Basket and its impact on the performance of the Certificates. The Sponsor will use its best effort to implement the decisions of the Advisor as soon as practical and is responsible for the administration of the Certificate.

### Investment Guidelines

Pursuant to the investment guidelines, only investments in securities contained in the Investment Universe (as defined below) are permitted. The Advisor is permitted to change the composition on a daily basis. Nevertheless, the number of portfolio turnovers is limited to 24 per year. Short selling and Borrowing are not permitted.

The investment guidelines and the Investment Universe must be respected upon Fixing and upon portfolio turnover. The Advisor is free to correct infringements of the investment guidelines / the Investment Universe which might possibly occur thereafter. No liabilities are assumed by the Advisor or the Sponsor due to such infringements.

### Diversification Rules

- Maximum 100% of cash
- At any time, the portfolio contains a minimum of 3 (one component cannot exceed 33.3%) and a maximum of 50 components

### Investment Universe

The portfolio will include global listed ETFs/ETNs.

The liquidity of potential components must be sufficient with respect to the issued volume of the Certificates. The Sponsor has therefore the right to reject components which form part of the Investment Universe (see "Right of Objection" below).

Besides the aforementioned assets, the Underlying may contain a cash component in the Certificate's currency (CHF, EUR, GBP, JPY and HKD are also allowed). No interest is paid on this cash component. This cash component may reach up to 100% but will not exceed 50% of the portfolio value in the annual average.

### Portfolio Turnover

The Sponsor will use its best effort to implement the Advisor's investment decisions as soon as practical. For liquidity reasons this may take several days. No assurance can be given that all investment decisions will be realized as intended by the Advisor. The Sponsor implements the portfolio turnover on a discretionary basis at the respective net ask and bid prices realised on the market or, if he considers this necessary due to the market constellation, he implements it on a discretionary basis at the respective average net ask and bid prices of the assets. Upon every portfolio turnover Transaction Costs (see "Terms" above) may be levied on the purchased and sold volumes and directly charged to the Certificate.

### Right of Objection

The Sponsor has the right to reject components selected by the Advisor should any situation whatsoever arise whereby the Sponsor (a) due to applicable rules, regulations and internal or external restrictions is not permitted to buy, hold or sell the envisaged components of the Basket or (b) due to technical constraints cannot execute the Advisor's instructions or (c) due to any other reasons is unable to hedge its position as Issuer of the Certificates.

### Adjustments

The Sponsor decides according to the terms outlined in the programme documentation how the Certificate is adjusted when dilution and concentration effects occur, investors' rights change as well as in comparable situations. The adjustments are implemented on or around the respective trading day. No liabilities are assumed by the Sponsor due to possible infringements of the investment guidelines / the Investment Universe which might occur as a consequence of such adjustments. The value of the Certificate is not retroactively adjusted.

### No Reinvestment of the Returns

The Sponsor does not (re-)invest any returns (coupon payments deducting possible withholding taxes) into the corresponding assets.

### Fees

For managing the Certificate, the Sponsor is entitled to an administration fee of 0.50% the Advisor to an advisory fee of 1.00% (together "the Fees"). These Fees are calculated pro rata on a daily basis, based on the Strategy Value (see below) and are, for the price determination, deducted from the Strategy Value. The cumulated Fees are transferred annually to the Sponsor on the Reference Date (see below).

### Reference Date

One year after the issuance of the Certificate, i.e. for the first time on 29.12.2015. Thereafter, annually at the same date.

### Strategy Value

The Strategy Value at a specific point of time  $t$  equals the Underlying's value. The Underlying's value is determined by the value of the assets contained in the Underlying at a point of time  $t$  and by the Certificate's cash component expressed in the Certificate's currency.

### Value of the Certificate

The Value of the Certificate at a specific point of time  $t$  equals the Strategy Value minus the cumulated Fees since the last Reference Date (respectively since the Fixing Date) and the incurred FX hedging costs.

$$\text{Value of the Certificate } t = (\text{Strategy Value } t - \text{cumulated Fees since last Reference Date } t - \text{FX Hedging Effect } t)$$

### Foreign Exchange (FX hedged)

Currency risk is hedged by holding a short position in the currency of the underlying with the size of the market value of the underlying and by holding a corresponding long position in the denomination currency of the certificate. The FX hedge will be rebalanced monthly. The investors achieve a maximum possible participation in the actual performance of the price of the respective underlying for investors, without any financial impairment were the exchange rates to decline but also without any additional opportunities for gains were the exchange rates to rise. The FX Hedging Effect comprises the following two items: Firstly, the hedge costs incurred through the interest rate differential between the involved currencies (underlying currency and denomination currency). Secondly, the imperfectness of the hedges due to the fact that the hedge-rebalancing frequency is not continuous.

### Investor's Termination Right

In principle the investor can sell the Certificate during the trading times on the secondary market (see below Prospects of Profit and Loss / Significant Risks for Investors / Secondary Market) Additionally, he has the right to terminate his investment subject to a one-month written notice ("Termination Notice") on the last trading day of the month (=Termination Date).

#### Issuer's Termination Right

The Issuer has the right to terminate the Certificate subject to a one-month notice ("Termination Notice") without stating any reasons on the last trading day of the month (=Termination Date).

#### Redemption

Each holder of a Certificate is entitled to redemption on the Redemption Date of an amount in the Currency of the Certificate equal to the Value of the Certificate as determined by the Sponsor on the Termination Date. Currency exchanges are made at the exchange rates realised by the Sponsor on the market in the best interest of the holders of the Certificates.

#### Taxation

Stamp duties	No stamp duty upon issuance. No federal turnover tax is due on secondary market transactions.
Withholding tax	No Swiss withholding tax.
Income tax	For private investors (individuals) with tax residence in Switzerland, the Product is treated like a unit of a collective investment scheme. The Issuer informs the Swiss Federal Tax Administration about the capital gains/losses and the earnings on the assets on an annual basis. Only the declared net earnings on the assets are subject to income tax.
EU Savings tax	For Swiss paying agents, the Product is not subject to the EU Savings tax. (TK 9)

The aforementioned taxes are valid at the time of launch of this issue. The relevant tax laws or regulations of the tax authorities may change at any time. Furthermore the tax treatment may depend on the personal situation of the investor and may be subject to change in the future. This information is not purported to be a complete description of all potential tax effects. Potential investors are advised to consult their tax advisors to determine the special tax consequences of the purchase, ownership or disposition of this Product.

#### Details

Calculation Agent	Bank Julius Baer & Co. Ltd., Zurich
Paying Agent	Bank Julius Baer & Co. Ltd., Zurich
Minimum Trading Size	1 Certificate
Issue Size	Up to 500'000 Certificates (can be increased at any time)
Central Securities Depository	SIS SIX AG
Settlement	Cash
Listing / Secondary Trading	No listing / Reuters JBSTP; Market Making by the Lead Manager
Reuters RIC	CH25819969=BJBZ
Title	Book-entry Security. No certificate. No printing of individual or Permanent Global Certificate.
Governing Law / Jurisdiction	Swiss Law / Zurich 1, Switzerland
Price Information	The prices will be published on Reuters and Bloomberg. Trading hours 09.15 a.m. - 05.15 p.m. (Zurich time)

## Prospects of Profit and Loss

**Actively Managed Certificates:** The risks of an investment in the Certificates are comparable to the risks of a direct investment in the values covered by the Underlying (see, however, "1. Issuer Risk" below). The total yield of the Certificate depends on the performance of the values covered by the Underlying and the quality of the investment decisions of the Advisor. As past performance is no guarantee of future development, the performance cannot be predicted at the time of the investment decision. Further, there is no assurance that all investment decisions intended by the Advisor will be realised and that its expectations regarding the performance of the Certificate will be met. A total loss of the investment occurs if the values covered by the Underlying have no value on the Termination Date (if their price is zero).

This risk disclosure is not exhaustive. It cannot identify all Product specific risks. The investor is advised to consult its client advisor as to the Product specific risks and to peruse the "Risk Factors" section of the Program Documentation.

## Significant Risks for Investors

### 1. Issuer Risk

Unlike in a collective investment scheme, investors in structured products are not protected by a segregated pool of assets upon the Issuer's bankruptcy. Accordingly, the investment instrument's value is not only dependent on the development of the Underlying or values covered by the Underlying, but also on the creditworthiness of the Issuer, which may vary over the term of the structured product. In case of the issuer's insolvency or bankruptcy the investors in structured products may lose their entire investment. This Product is a direct, unconditional and unsecured obligation of the Issuer and ranks equally with all other direct, unconditional and unsecured obligations of the Issuer.

### 2. Risks of Derivative Products

Derivative products are complex financial instruments, may therefore involve a high degree of risk and are intended for use only by sophisticated investors who are capable of understanding and assuming the risks involved. Before entering into any transaction, an investor should determine if this Product is suitable with regards to the particular circumstances and should independently assess (together with the client advisor) the specific risks as described under "Product Risks" and any other legal, regulatory or credit consequences. The Issuer makes no representation as to the suitability or appropriateness of this Product for any particular investor. This document does not replace a personal discussion with your client advisor, which is tailored to your requirements, investment objectives, experience, knowledge and circumstances and which is recommended by the Issuer before the investment decision. Please ask your client advisor about supporting information regarding this Product such as the Programme Documentation.

**Interest Rates:** The trends of interest rates in a country are influenced by various factors. Amongst others are the trade cycle, public finances, price level, the international flow of funds as well as developments in other countries. The yield curve on the other hand which can be observed on the capital markets is influenced by factors like preferences of market participants, expectations of investors, inflation rate, etc. A prediction of interest rates trends can be subject to greater uncertainties.

**Bonds:** In connection with Certificates in which Underlyings or components of the Underlyings are bonds, special attention is drawn to the subsequent risks, as described in a more detailed way in the Programme Documentation under the title „Risikofaktoren im Hinblick auf Produkte bezogen auf Obligationen, G-79“; A deterioration of the creditworthiness of the issuer of the bonds may have a negative effect on the price of the bonds or render them worthless. Furthermore, changes in interest rates may influence the price of the bonds in a negative way. Also, there is the chance that the issuer of the bonds may redeem the bonds prematurely, which can affect the expected return of the bonds. Additional risks may arise with certain types of bonds (junior bonds, zero bonds, etc.). The investor is advised to obtain additional information in respect of such risks.

**Exchange Traded Fund (ETFs):** ETFs are collective investment schemes which are traded on an exchange. The risks described with respect to collective investment schemes apply accordingly. In contrast to other collective investment schemes, ETFs are not actively managed. This means that the investment decisions are determined pursuant to the index, basket or individual underlyings which the ETF replicates. This also applies if such replication results in losses. Furthermore, the additional risk must be considered that the ETF could be delisted. A delisting generally results in an early redemption. Such an early redemption may result in a change of the anticipated return on the ETF and, accordingly, on the derivative which is based on the ETF as underlying.

**Structured Products:** Owning this Product is not the same as owning the Underlying or values covered by the Underlying. Accordingly, changes in the market value of the Underlying or the values covered by the Underlying may not result in a comparable change in the market value of the Product. Further, commissions, fees and other remunerations may reduce the actual market value. The trading market may be volatile and adversely impacted by many events which may include, but are not limited to, political events, corporate actions and macro-economic factors.

**Price fixing:** The market value of the Underlying may be fixed outside the trading hours of the relevant stock exchange. The investor must be aware that the market value of the Underlying determined outside the trading hours of the relevant stock exchange can be subject to great volatility.

**Secondary Market:** The Issuer cannot provide any assurances as to how the Certificates will trade in the secondary market or whether such market will be liquid or illiquid. Due to the composition of the Underlying and the potentially limited liquidity of its components, investors must also be aware of an increased spread risk compared to other structured products. This means that during the term of the Product, bid and offer prices may differ to a considerable extent. Although the Lead Manager intends to provide market making subject to normal market conditions, he is not obliged to do so. Further, the investor may only be able to sell the Product in the secondary market at a lower price than the original purchase price. It is important to note that if the Issuer decides to repurchase from the investor or sell to the investor Products on the secondary market, it cannot guarantee to take back/sell unlimited volumes of the Product at the prices provided by the Lead Manager. Once the volume reaches a certain amount (approx USD 1 Mln, the Issuer is therefore free to sell/purchase the components of the underlying over the counter, if there is a market for them, and to compensate/charge the investor the average execution price which is realized (less/plus a compensation of 0.25% based on the net price which is realized), which, depending on the respective components of the underlying, may cause considerable delays. At no time does the Issuer have an obligation to repurchase/sell Products.

**Early Redemption:** The investors must be aware of a possible early redemption of the Product. The Issuer has the right in the case of an extraordinary event (without the observance of a time limit) to call the Products for settlement, provided that the Issuer will use such efforts as it reasonably deems practical to preserve the value of, or provide reasonable value for, the Product. Further the Issuer may terminate the Products prematurely according to section III.C.2.4. of the Programme Documentation (see „Collective Investment Schemes“ above). In case of an early redemption the Issuer shall pay the redemption amount to the Investor within five Business Days from the date on which a notional investor (being in the same position as the Issuer) would receive the full redemption amount if it requested the redemption of all components of the Underlying.

**Currency Risk:** The investor may be exposed to a currency risk, if the Underlyings are denominated in other currencies than the nominal of the Product or the Product is denominated in another currency than that of the country in which the investor is resident. The investment is therefore exposed to currency fluctuations and may increase or decrease in value.

**Further Information:** For further details on Product related risks please consult the risk disclosure brochure "Special Risks in Securities Trading" (Edition 2008) which is available on the Swiss Bankers Association's website: [www.swissbanking.org/en/home/shop.htm](http://www.swissbanking.org/en/home/shop.htm) or may be obtained from your client advisor upon request.

## General Information

## 1. Document

**This document constitutes marketing material.** It does not constitute an offer or invitation to enter into any type of financial transaction and is not the result of a financial analysis and therefore not subject to the "Directives on the Independence of Financial Research" from the Swiss Bankers Associations. The content of this document does therefore not fulfill the legal requirements for the independence of financial analyses and there is no restriction on trading in this regard.

This document is a Simplified Prospectus as stated in art. 5 of the Swiss Federal Act on Collective Investment Schemes (CISA; SR 951.31). The information contained herein is of summary nature. If the information or the provisions in this document are inconsistent with those described in the Programme Documentation, the information or the provisions in this document prevail. Until the Fixing Date the terms are indicative and may be amended. The Issuer has no obligation to issue this Product. This document together with the relevant Programme Documentation may be obtained free of charge directly from Bank Julius Baer & Co. Ltd. (see Additional Notes).

**This document cannot disclose all of the risks and other significant aspects of this Product and investment decisions should not be made solely on the basis of these risk factors.**

## 2. Conflicts of Interest

Bank Julius Baer & Co. Ltd. and affiliated companies may from time to time enter into transactions for their own account or for the account of a client that are related to the Product. These transactions may not be intended for the benefit of the investor and may have positive or negative effects on the Underlying(s) or values covered by the Underlying and thus on the value of the Product. Companies affiliated to the Issuer may also become counterparties in hedging transactions. Accordingly, conflicts of interest may therefore arise with regard to obligations relating to the ascertainment of the values of the Product and other related valuations both among the companies affiliated to the Issuer and between these companies and the investors. In such events, Bank Julius Baer & Co. Ltd. will devote its best efforts to provide fair treatment of such conflicts.

## 3. Distribution Compensations / Distribution Allowances to Third Parties

Under certain circumstances Third Parties may in connection with distribution services receive a compensation/provision. Such compensation/provision is included in the Issue Price. For further information contact Bank Julius Baer & Co. Ltd.

## 4. No Material Change

Except as disclosed in this document and the above-mentioned Programme Documentation there has been no material change in the assets and liabilities, the financial position and profits and losses of the Issuer since the latest annual or semi-annual report of the Issuer. The current annual and semi-annual reports of the Issuer can be obtained free of charge from Bank Julius Baer & Co. Ltd. (see Additional Notes).

## 5. Amendments to the Product Conditions

Information regarding unforeseen changes to the conditions of this Product not subject to this document but which may arise during the lifetime of the Product may be obtained from your client advisor upon request and will be published on: [derivatives.juliusbaer.com](http://derivatives.juliusbaer.com); corporate actions and/or [http://www.six-swissexchange.com/news/official\\_notices/search\\_en.html](http://www.six-swissexchange.com/news/official_notices/search_en.html). Term Sheets will not be amended.

## 6. Prudential Supervision

Bank Julius Baer & Co. Ltd. is, as a bank pursuant to the Federal Banking Act (BA; SR 952.0) and as a securities dealer pursuant to the Federal Act on Stock Exchanges and Securities Trading (SESTA; SR 954.1), subject to the prudential supervision by the Swiss Financial Market Supervisory Authority FINMA in Berne (Laupenstrasse 27, CH-3003 Berne; <http://www.finma.ch>).

## 7. Sales Restrictions

The Securities may not be offered in any jurisdiction in circumstances that would result in the Issuer being obliged to register any further prospectus relating to the Securities in that jurisdiction. Potential purchasers of the Securities are advised to read the detailed selling restrictions in the Programme Documentation. The restrictions listed below must not be taken as conclusive guidance as to whether the Securities can be sold in a jurisdiction. Potential purchasers of the Securities should seek specific advice before purchasing or selling-on a Security.

**European Economic Area (EEA):** The Securities may not be offered publicly pursuant to Directive 2003/71/EC (the "Prospectus Directive") and to applicable national law, to persons or legal entities or under circumstances which would require the publication of a prospectus for the purpose of the Prospectus Directive.

**Italy:** The present prospectus has not been nor will it be registered with Italian authorities. It has been delivered upon the express request of the investor, who has directly contacted Bank Julius Baer at the investor's own initiative. No active marketing has been carried out in Italy and this prospectus has been sent to the investor at the investor's request. The investor acknowledges the above and hereby agrees not to transfer or otherwise resell the securities it may acquire in Italy and/or target any other Italian resident investor in connection therewith. This Prospectus and other offering materials relating to the offer are strictly confidential and may not be distributed to any person or entity other than the recipient(s) hereof.

**United Kingdom:** The Lead Manager represents and agrees that it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("FSMA") with regard to the issue of the Securities to the extent that the United Kingdom is involved. The distribution of this document (which term shall include any form of communication) is restricted pursuant to Section 21 (*restrictions on financial promotion*) of the FSMA.

**USA:** The Securities are and will not be registered under the United States Securities Act of 1933 and correspondingly may neither be offered nor sold, resold, delivered or traded in the United States or to U.S. persons as defined in Regulation S of the United States Securities Act of 1933.

**Hong Kong:** The Prospectus has not been approved by the Securities and Futures Commission in Hong Kong, nor has a copy of the Prospectus been registered by the Registrar of Companies of Hong Kong. The Securities have not been offered or sold in Hong Kong, and each purchaser represents and agrees that it will not offer or sell any of these Securities in Hong Kong other than (i) to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO"), or (iii) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong ("CO"), or (iv) in other circumstances which do not result in the document being a "prospectus" within the meaning of the CO.

**Singapore:** The Prospectus has not been and will not be registered as a "prospectus" with the Monetary Authority of Singapore under the Securities and Futures Act (Cap. 289) of Singapore ("SFA"). No document or material in connection with the offer of the Securities may be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public in Singapore other than (i) to an institutional investor pursuant to Section 274 SFA, (ii) to a relevant person, or to any person pursuant to Section 275 (1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA, or (iii) in accordance with the conditions of any applicable provision of the SFA.

**Dubai International Financial Centre:** This information has been distributed by Julius Baer (Middle East) Ltd., an entity duly authorised and regulated by the Dubai Financial Services Authority (DFSA). Please note that Julius Baer (Middle East) Ltd. offers financial products or services only to persons qualifying as Professional Clients under the DFSA Rulebook. This information may not be relied upon or distributed to retail clients. This offering is not subject to any form of regulation or approval by the DFSA. The DFSA has no responsibility for reviewing or verifying any document in connection with this offer. Accordingly, the DFSA has not approved this document nor taken any steps to verify the information set out in it, and has no responsibility for it. The Securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Securities. If you do not understand the contents of this document you should consult an authorised financial adviser.

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#### **8. Dividend Equivalent Payments**

Investors should note that "dividend equivalent" payments made in connection with the Products are subject to a U.S. federal withholding tax under Section 871(m) of the U.S. Internal Revenue Code. The Issuer will always apply a withholding of 30 percent on such dividend equivalent payments linked to stocks of U.S. corporations or certain indices containing U.S. corporations. Accordingly, the investor will receive less than the amount he would have otherwise received in the absence of such withholding.

#### **9. Additional Notes**

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**Investors must be aware that conversations on trading lines are recorded. No objection is assumed.**

Investors are asked to read the Programme Documentation for definitions related to this document.

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