

UBS Certificate on FTSE/JSE TOP40 Strategy

in ZAR



This Termsheet sets out in summary form the proposed terms of the Certificates. The terms and conditions of the Certificates (the "Conditions") shall comprise the Base Conditions (as set out in the information memorandum of UBS AG dated 10 December 2013 (as supplemented, updated or replaced, the "Information Memorandum")) as supplemented, amended or replaced by the Additional South African Securities Conditions (as set out in the JSE Placement Document of the Issuer (as defined below) for the Issuance of South African Securities dated 8 February 2016), subject to completion and/or amendment in the relevant Final Terms in respect of the Certificates. Prospective investors should review such documentation carefully when available. The Final Terms will be available from the Issuer on request. Certain specified payment dates may be delayed in accordance with the provisions of the Conditions.

The Certificateholders' rights under the Certificates shall not give rise to any proprietary or beneficial rights or interests in the Underlying or the components thereof (as defined below) and the Certificateholders are not granted any security or other interest over the Underlying or the components thereof.

Product Details

Issuer:	UBS AG, London Branch
Issue Date:	29 April 2016
Issue Size (Number of Certificates):	10,000,000.00
Issue Price (in ZAR):	100.00
Underlying:	Strategy on FTSE/JSE TOP40 Net Total Return Index
Redemption Amount:	On the relevant Cash Settlement Payment Date, the Investor is entitled to receive from the Issuer an Index Linked Redemption Amount equal to 100% of the Strategy Level on the Valuation Date.
Strategy Level:	On any Scheduled Trading Day "t", the Strategy Level shall be calculated in accordance with the formula and definitions set out below:

$$Strategy_t = Strategy_{t-1} \times \left(\frac{GrossStrategy_t}{GrossStrategy_{t-1}} - RMF \times \frac{DC_{t,t-1}}{365} \right)$$

Where:

$Strategy_{t-1}$ is the Strategy Level on the Scheduled Trading Day immediately preceding Scheduled Trading Day "t". The Strategy Level on the Issue Date ($Strategy_0$) shall be 100.00.

$GrossStrategy_t$ is the Gross Strategy Level on Scheduled Trading Day "t".

$GrossStrategy_{t-1}$ is the Gross Strategy Level on the Scheduled Trading Day immediately preceding Scheduled Trading Day "t".

RMF is the Risk Management Fee, and is defined below.

$DC_{t,t-1}$ is the number of calendar days from, and including, the Scheduled Trading Day immediately preceding Scheduled Trading Day "t" to, but excluding, Scheduled Trading Day "t".

Risk Management Fee:	1.50% (per annum, calculated and deducted on a pro rata daily basis)
Gross Strategy Level:	The Gross Strategy represents a notional exposure to either the Equity Index, as defined below, or an interest bearing cash deposit (each a "Component" and together the "Components"). Notional exposure to the Components will alternate in accordance with the rules described below.

The Gross Strategy Level on any Scheduled Trading Day "t" shall be calculated in accordance with the formula and definitions set out below:

$$\begin{aligned}
 \text{Gross Strategy}_t &= \text{Gross Strategy}_{RD} \\
 &\times \left[\text{Exp}_{RD} \times \left(\frac{\text{Equity Index}_t}{\text{Equity Index}_{RD}} \right) + (1 - \text{Exp}_{RD}) \right] \\
 &\times \prod_{i=RD+1}^t \left(1 + r_{i-1} \times \frac{DC_{i,i-1}}{365} \right)
 \end{aligned}$$

Where:

$\text{Gross Strategy}_{RD}$ is the Gross Strategy Level on the immediately preceding Rebalance Day. For avoidance of doubt, if Scheduled Trading Day "t" is a Rebalance Day, then the Gross Strategy Level on the previous Rebalance Day shall be used. The Gross Strategy Level on the Issue Date (Gross Strategy_0) shall be 100.00.

Exp_{RD} is the Exposure on the immediately preceding Rebalance Day.

Equity Index_t is the level of the Equity Index (the "Equity Index Level") on Scheduled Trading Day "t".

Equity Index_{RD} is the Equity Index Level on the immediately preceding Rebalance Day. For the avoidance of doubt, if Scheduled Trading Day "t" is a Rebalance Day, then the Equity Index Level on the previous Rebalance Day shall be used.

r_{i-1} is the South Africa Rand Overnight Deposit Rate as published on Bloomberg (Bloomberg code: RAONON Index) in respect of the Scheduled Trading Day immediately preceding Scheduled Trading Day i.

$DC_{i,i-1}$ is the number of calendar days from, and including, the Scheduled Trading Day immediately preceding Scheduled Trading Day i to, but excluding, Scheduled Trading Day i.

Exposure:	On the Rebalance Day that is an Equity Start Day, the Exposure shall be set to 1 (one). On the Rebalance Day that is an Equity End Day, the Exposure shall be set to 0 (zero). On the Issue Date, the Exposure shall be set to 1 .
Equity Index:	FTSE/JSE TOP 40 Net TR Index (BBG code: TJN00 Index)
Rebalance Day:	Each Equity Start Day, Equity End Day and the Issue Date shall be considered a Rebalance Day.
Equity Mid Day:	The 1 st Scheduled Trading Day of each calendar month commencing 3 May 2016 .
Equity Start Day:	With respect to each Equity Mid Day, the fourth Scheduled Trading Day that is immediately preceding the Equity Mid Day. For avoidance of doubt, the first Equity Start Day is scheduled to fall on 26 May 2016 .
Equity End Day:	In respect of each Equity Mid Day, the first Scheduled Trading Day immediately following such Equity Mid Day. If, as a result of Disrupted Days and/or Market Disruption Events, the Equity End Day of a calendar month is scheduled to fall after the immediately following Equity Start Day, as determined by the Calculation Agent, such Equity End Day should be deemed to be the same Scheduled Trading Day as such immediately following Equity Start Day. If a Market Disruption Event were to last for more than ten Scheduled Trading Days, the Calculation Agent shall exercise its reasonable discretion to determine the Exposure and the next Equity Mid Day, Equity Start Day and Equity End Day.
Scheduled Trading Day:	Any day on which the Index Sponsor for the Equity Index is scheduled to publish closing value for the Equity Index and which is not a Disrupted Day.
Disrupted Day:	Means any Scheduled Trading Day on which the Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

Market Disruption Event:	Means the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, or (iii) an Early Closure. For the purposes of determining whether a Market Disruption Event in respect of the Equity Index exists at any time, if a Market Disruption Event occurs in respect of a security included in the Equity Index at any time, then the relevant percentage contribution of that security to the level of the Equity Index shall be based on a comparison of (x) the portion of the level of the Equity Index attributable to that security and (y) the overall level of the Equity Index, in each case immediately before the occurrence of such Market Disruption Event.
Valuation Time	The time at which the official closing level of the Equity Index is computed by the Index Sponsor.
Trading Disruption:	Has the meaning given to it in the Information Memorandum of the Structured Note Programme.
Exchange Disruption:	Has the meaning given to it in the Information Memorandum of the Structured Note Programme.
Early Closure:	Has the meaning given to it in the Information Memorandum of the Structured Note Programme.
Cash Settlement:	Applicable
Settlement Currency:	South African Rand (" ZAR ")
Business Days:	Johannesburg, London
Exchanges:	JSE Stock Exchange

Security Identification Codes

ISIN:	ZAE000217675
Common Code:	Not Applicable
Other Securities Code:	Not Applicable
Product Long Name:	UBS ROTATOR A 15May19
Product Short Name:	UBS TOMA
Alpha Code:	UBTOMA

Dates

Issue Date:	29 April 2016
Maturity Date:	The Cash Settlement Payment Date.
Cash Settlement Payment Date:	(i) to the extent no Call Option or Put Option is exercised before the Expiration Date, the date that falls five Business Days after the Expiration Date; or (ii) in the event of an exercise of the Call Option, the date that falls five Business Days after the corresponding Valuation Date; and (iii) in the event of each exercise of the Put Option, the date that falls five Business Days after the corresponding Valuation Date.
Valuation Date:	(i) in case of an exercise of the Put Option, the corresponding Put Option Effective Date; (ii) in case of an exercise of the Call Option, the corresponding Call Option Effective Date; or (iii) the Expiration Date.
Expiration Date:	15 May 2019
Option Exercise Date:	As defined in Issuer & Investor Rights provisions below
Put Option Effective Date:	As defined in Issuer & Investor Rights provisions below
Call Option Effective Date:	As defined in Issuer & Investor Rights provisions below

General Terms

Issuer:	UBS AG, London Branch
Issuer Rating:	UBS AG is rated A1 (Moody's) / A (S&P) / A (Fitch). For avoidance of doubt, this is the long-term credit rating of the Issuer and not of the Certificates. The Certificates will not be separately rated.
Dealer/Manager:	UBS South Africa Pty Ltd
Calculation Agent:	UBS AG, London Branch
South African Transfer Agent:	UBS South Africa (Pty) Ltd
South African Paying Agent:	First Rand Bank Limited, acting through its division, First National Bank
Index Sponsor:	FTSE International Limited (" FTSE ")
Issue Size (Number of Certificates):	10,000,000.00
Trading:	09:10 – 16:50 hours
Listing:	Johannesburg Stock Exchange (JSE), Main board
Last Day to Trade:	5 p.m. on the day that is 5 JSE Scheduled Trading Days before the Valuation Date.
Minimum Trading Size:	1.00 Certificate(s)
Clearing:	RMB Custody and Trustee Services
Custody:	RMB Custody and Trustee Services
Governing Law:	English Law
Public Offering:	N/A

Issuer & Investor Rights

Issuer's Call Right:

The Issuer has the right (Call Option) to redeem the Certificates in whole but not in part by giving notice to that effect on any Option Exercise Date, meaning on any Scheduled Trading Day from, but excluding, the Issue Date, notice to be given no later than 2:00 p.m. Johannesburg time on such Scheduled Trading Day, all as more fully described in the Final Terms.

An exercise of the Call Option shall become valid on the Scheduled Trading Day that falls one month after the relevant Option Exercise Date (such Scheduled Trading Day, the "**Call Option Effective Date**").

If such day is not a Scheduled Trading Day, then the immediately following Scheduled Trading Day shall be the Call Option Effective Date, as calculated by the Calculation Agent.

Investor's Put Right:

Certificateholders have the right (Put Option) to redeem the Certificates by giving notice to that effect on any Option Exercise Date, meaning on **1 January** in each year, notice to be given no later than 10:00 a.m. Johannesburg time on such Option Exercise Date, all as more fully described in the Final Terms.

An exercise of the Put Option shall become valid on the Scheduled Trading Day that falls **1 year** after the relevant Option Exercise Date (such Scheduled Trading Day, the "**Put Option Effective Date**").

If such day is not a Scheduled Trading Day, then the immediately following Scheduled Trading Day shall be the Put Option Effective Date, as calculated by the Calculation Agent.

The exercise of the Put Option by one or more Certificateholders does not in any way limit the Issuer's ability to exercise its Call Option if and when the conditions therefor have been met.

Secondary Market

The Issuer or the Manager (as specified below), as applicable, intends, under normal market conditions, to provide bid and offer prices for this Product on a regular basis. However, the Issuer or the Manager, as applicable, makes no firm commitment to provide liquidity by means of bid and offer prices for this Product, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. Potential Investors therefore should not rely on the ability to sell this Product at a specific time or at a specific price.

Index Description & Disclaimer

Index Description

The FTSE/JSE TOP40 Net Total Return Index is a capitalization weighted index. Companies included in this index are the 40 largest companies by market capitalization included in the FTSE/JSE All Shares Index.

Index Disclaimer

FTSE/JSE Index Disclaimer

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Selling Restrictions

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

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

Europe

Any public offer of this Product within an EEA jurisdiction (EU member states plus Norway, Iceland and Liechtenstein) shall only be possible if compliant with the requirements of the EUPD and with the law of that jurisdiction.

If the prospectus either does not qualify as a prospectus published in accordance with the requirements of the EUPD or is not filed with or notified to the relevant Financial Supervisory Authority, this Product may not be offered or sold in EEA jurisdictions other than 1) in minimum denominations of, or total consideration per investor of at least, EUR50,000 (or equivalent in other currencies), provided that the offer is only being made in one or more EEA jurisdiction that will not, before the end of the offer period for the Securities, have implemented the provision under the Directive 2010/73/EU (the "PD Amending Directive") that increases this minimum denomination (or total consideration per investor) to EUR 100,000; or 2) only to Qualified Investors; and/or (aggregated for all distributors) to less than 100 or, if the relevant EEA jurisdiction has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons that are not Qualified Investors per EEA jurisdiction. "Qualified Investors" are persons or entities as defined in the Prospectus Directive.

South Africa

Prior to the issue of any South African Securities under the Programme, pursuant to the Information Memorandum (as read with this JSE Placement Document), the Issuer and each Manager who has (or will have) agreed to place that issue of South African Securities will be required to represent and agree that it will not solicit any offers for subscription for (or sale of) the South African Securities or offer for sale or subscription or sell any South African Securities, directly or indirectly, in South Africa or to any person or corporate or other entity resident in South Africa except in accordance with the South African Companies Act, the South African Banks Act, the Exchange Control Regulations and/or any other applicable laws and regulations of South Africa in force from time to time. In particular, without limitation, the Information Memorandum (as read with this JSE Placement Document), does not, nor is it intended to, constitute a registered prospectus (as that term is defined in the South African Companies Act) and each Manager who has (or will have) agreed to place a Tranche of South African Securities will be required to represent and agree that it will not make "an offer to the public" (as that term is defined in the South African Companies Act) of any Certificates in that Tranche of South African Securities (whether for subscription or sale). South African Securities will not be offered for subscription on the relevant Issue Date to any single addressee acting as principal for an amount of less than ZAR1,000,000.

UK

For the purpose of non-discretionary accounts, this Product should not be sold with a consideration of less than EUR 100,000 or equivalent.

USA

This Product may not be sold or offered within the United States or to U.S. persons.

Important Information

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

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

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