

Fintech

Digital structural change in the financial services industry

UBS Certificate linked to the Solactive Fintech 20 Index

Innovative technologies focusing on the financial sector

Financial Technology, or Fintech, involves the intelligent use of modern technologies in the domain of financial services. The financial offers not only include traditional banking services like account management, loans and investments, but also insurances, mobile payment systems, digital currencies, crowd-funding and online platforms for providing loans. According to PwC, Fintech represents one of the most dramatic changes in all segments of the traditional financial services sector. The PwC Study "Blurred Lines: How Fintech is shaping Financial Services" from March 2016 sees opportunities for example in data analyses, the cloud and also block chain technologies, which could contribute to savings and increase transparency in relation to payment transactions.

Fintech – The digital (r)evolution in the financial sector

The digital revolution started a long time ago in the financial sector. One of the leaders in this area is UBS. UBS AG was the first to open its own "Innovations Laboratory" in 2015 in London, the center of the European financial scene. The objective of this Fintech incubator was, among other things, to develop new applications for modern banking and to perform research into the opportunities for crypto-currencies. These kinds of incubators, which can now be found in many financial centers around the world, are generating quite dynamic innovation.

Start-ups as the driver of innovation

The global start-up scene, above all, is showing itself to be extremely excited about the growth potential of the expected technological upheaval in the financial sector. In its 2016 study, Accenture¹ looked into this trend on the basis of investments being made. According to the results, global Fintech investments rose by 75 percent to 22.2 billion USD in 2015 alone. This means that the volume has increased more than twelvefold since 2010. Whereas growth in the world's largest Fintech market, the US, has slowed down somewhat, Europe and Asia have shown triple-digit increases on a percentage basis in 2015.



UBS Certificate linked to the Solactive Fintech 20 Index

Currency	ISIN	Alpha Code
ZAR	ZAE000302162	UBTECU

keyinvest-za.ubs.com

Smart index concept

The Solactive Fintech Index tracks the performance of the 20 largest innovative Fintech companies according to market capitalisation. Only companies that meet numerous quality criteria will be considered for the index selection pool. Thus, every index member should already generate a significant portion of its turnover in the financial technology sector. In addition, the shares of each company must be listed on a stock exchange that grants foreign investors access to trade without restrictions. In addition, due to liquidity reasons, the market capitalization of each index member has to be at least 250 million USD, and the average daily trading volume over the past three months has to be at least 1 million USD. Furthermore, the index concept takes into account the dynamic environment of this innovative economic segment, as no one currently knows in which direction financial technology will develop and which company will finally establish itself. Therefore, the index concept allows for, in addition to the two yearly regular index adjustments, a "fast entry" rule: this enables the index to include new shares, at any time, for example immediately after an IPO, if the corresponding company meets the quality criteria and if the index committee considers the company as important for the Solactive Fintech Index.

The product solution

The UBS Certificate Linked to the Solactive Fintech Index tracks the performance of the underlying index, which reinvests any net dividends from index members.

Opportunities

- Equity-linked participation in the growth potential of the Fintech industry.
- Transparent and precise index concept, which can consider new index members at any time in order to adapt to the dynamics of the financial technology industry.
- The selection of index members is carried out by the index provider Solactive AG.
- Diversification within the financial technology industry through 20 shares with regular index reviews which are conducted twice a year.
- Tradable every trading day under normal trading conditions.

Risks

- No capital protection: investors run the risk of losing their investment if the price of the underlying index worsens.
- The financial technology industry is a relatively young commercial sector, of which is not yet certain if it will fulfil the set hopes and which companies will actually establish itself.
- Investors bear the issuer risk and could lose their investment if the issuer files for bankruptcy.
- The issuer intends to ensure liquidity in normal market phases on trading days. However, investors should realise that they may not be able to buy / sell the product at any point in time.

- As the stocks included in the index may be listed in different currencies and the product does not have any currency hedges, the investor may also be exposed to an exchange rate risk, which may adversely affect the value of the product.
- The issuer has the right to terminate the product if certain conditions are met.

UBS Certificate linked to the Solactive Fintech 20 Index

Underlying	Solactive Fintech Net Total Return Index
ISIN	ZAE000302162
UBS AG credit rating	S&P A+ Moody's Aa3 Fitch A+
Primary exchange	Johannesburg Stock Exchange
Management fee	0.40% p.a.
Issue date	06 September 2021
Maturity date	08 September 2026
Issue price	ZAR 100.00
Settlement currency	ZAR
Alpha Code	UBTECU

Investor profile

Solutions for investors with experience in stock market topics and structured products and with a medium to increased risk tolerance who would like to participate in the performance of the equities included in the index at little capital and administrative expense.

The product documentation, i.e. the applicable pricing supplement and termsheet can be found on [keyinvest-za.ubs.com](https://keyinvest.za.ubs.com)

Further information about the Index and the methodology used to compute the level of the index is available at the website of the index calculator.

¹Accenture, Fintech and the Evolving Landscape, 2016

Disclaimer

These materials have been prepared by UBS AG and/or a subsidiary and/or an affiliate thereof ("UBS").

These materials are for distribution only under such circumstances as may be permitted by applicable law. They have not been prepared with regard to the specific investment objectives, financial situation or particular needs of any specific recipient. They are published solely for informational purposes and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments or to participate in any particular trading strategy. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. The recipient should not construe the contents of these materials as legal, tax, accounting, regulatory, or other specialist or technical advice or services or investment advice or a personal recommendation. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in these materials. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein except with respect to information concerning UBS, nor is it intended to be a complete statement or summary of the securities markets or developments referred to in these materials or a guarantee that the services described herein comply with all applicable laws, rules and regulations. They should not be regarded by recipients as a substitute for the exercise of their own judgment. Any opinions expressed in these materials are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of UBS as a result of using different assumptions and criteria. UBS is under no obligation to update or keep current the information contained herein, and past performance is not necessarily indicative of future results. UBS, its directors, officers, employees or clients may have or have had interest or long or short positions in the securities or other financial instruments referred to herein and may at any time make purchases and/or sales in them as principal or agent. UBS may act or have acted as market-maker in the securities or other financial instruments discussed in these materials. Furthermore, UBS may have or have had a relationship with or may provide or have provided investment banking, capital markets and/or other financial services to the relevant companies. Neither UBS nor any of its directors, officers, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of these materials or reliance upon the information contained herein. Additional information may be made available upon request. Not all products or services described herein are available in all jurisdictions and clients wishing to effect transactions should contact their local sales representative for further information and availability.

For further important country-specific information, please see the following link: keyinvest-za.ubs.com

UBS specifically prohibits the redistribution or reproduction of these materials in whole or in part without the written permission of UBS and UBS accepts no liability whatsoever for the actions of third parties in this respect. UBS South Africa (Pty) Ltd is a financial services provider authorised by the Financial Sector Conduct Authority (FSP 7328).

© UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

UBS AG, London Branch

5 Broadgate
London, EC2M 2QS

UBS South Africa (Pty) Ltd

8th Floor South Wing
144 Oxford Road
Johannesburg, 2196

keyinvestza@ubs.com
ubs.com/keyinvest
+27 11 322 7129 / 7317*

*Please note that calls to numbers marked with * may be recorded. When you call these numbers, we assume that you consent to this business practice.

