



# Portfolio Notes

Linked to the [Sanlam Commodity Best Ideas Portfolio 1 Portfolio](#) (the "Notes")  
Issued by UBS AG, London Branch



Cash settled  
ISIN: ZAE000266656

## Indicative Terms

THE TERMS AND CONDITIONS OF THE NOTES (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.

THIS TERMSHEET IS INDICATIVE ONLY, AND IS SUBJECT TO THE MORE DETAILED TERMS SET OUT IN THE FINAL TERMS. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE FINAL TERMS AND THIS TERMSHEET, THE FINAL TERMS SHALL PREVAIL.

THE RISK FACTORS RELATING TO THE NOTES AND RELATING TO THE ISSUER ARE SET OUT IN THE INFORMATION MEMORANDUM AND JSE PLACEMENT DOCUMENT REFERRED TO ABOVE, AS SUPPLEMENTED BY THE ADDITIONAL RISK FACTORS IN ANNEX II TO THE FINAL TERMS.

THE NOTES ARE LINKED TO A BASKET OF EQUITIES. HOLDERS SHALL NOT HAVE ANY BENEFICIAL, PROPRIETARY OR OTHER INTEREST IN THE BASKET OR ANY CONSTITUENT THEREOF, AND NO CHARGE, MORTGAGE, PLEDGE, LIEN OR OTHER SECURITY OR QUASI-SECURITY INTEREST IS BEING GRANTED IN CONNECTION WITH THE NOTES.

THIS PRODUCT DOES NOT REPRESENT A PARTICIPATION IN ANY OF THE COLLECTIVE INVESTMENT SCHEMES PURSUANT TO ART. 7 SS OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES (CISA) AND THUS IS NOT SUBJECT TO THE SUPERVISION OF THE SWISS FEDERAL BANKING COMMISSION (EIDGENÖSSISCHE BANKENKOMMISSION). THEREFORE, INVESTORS IN THIS PRODUCT ARE NOT ELIGIBLE FOR THE SPECIFIC INVESTOR PROTECTION UNDER THE CISA.

THIS DOCUMENT AND ANY OF ITS SUPPLEMENT(S) ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE A SOLICITATION FOR INVESTMENTS FROM MEMBERS OF THE PUBLIC IN A COLLECTIVE INVESTMENT SCHEME IN TERMS OF THE SOUTH AFRICAN COLLECTIVE INVESTMENT SCHEMES CONTROL ACT, 2002 (AS AMENDED) ("CISCA") AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC AS CONTEMPLATED IN SECTION 99 OF THE COMPANIES ACT, 2008 (AS AMENDED). A POTENTIAL INVESTOR WILL BE CAPABLE OF INVESTING IN THE PRODUCT ONLY UPON CONCLUSION OF THE APPROPRIATE INVESTMENT AGREEMENTS AND PROVIDED THE RELEVANT INVESTOR COMPLIES WITH ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS. THIS DOCUMENT AND ANY ATTACHMENTS THERETO CONSTITUTE FACTUAL, OBJECTIVE INFORMATION ABOUT THE PRODUCT AND NOTHING CONTAINED HEREIN SHOULD BE CONSTRUED AS CONSTITUTING ANY FORM OF INVESTMENT ADVICE OR RECOMMENDATION, GUIDANCE OR PROPOSAL OF A FINANCIAL NATURE IN RESPECT OF THE PRODUCT OR ANY TRANSACTION IN RELATION THERETO. THE MANAGERS OF THE PRODUCT ARE NOT FINANCIAL SERVICES PROVIDERS IN SOUTH AFRICA AND NOTHING IN THIS DOCUMENT SHOULD BE CONSTRUED AS CONSTITUTING THE CANVASSING FOR, OR MARKETING OR ADVERTISING OF FINANCIAL SERVICES BY THE MANAGERS OF THE PRODUCT IN OR INTO SOUTH AFRICA.

## 1. Description of the Product

Reference Portfolio The **Sanlam Commodity Best Ideas Portfolio 1** Portfolio (the "**Reference Portfolio**") is a notional South African Rand ("**ZAR**" or the "**Reference Portfolio Currency**") denominated reference portfolio, created, actively managed and maintained by the Reference Portfolio Advisor in accordance with the provision in the description of the Reference Portfolio (the "**Reference Portfolio Description**") in Annex 1.

The Reference Portfolio aims to replicate the performance of:

- (i) long only positions in UBS Exchange Traded Commodities (ETCs) (each a "**Commodity Constituent**") comprised in the Commodity Investment Universe, all of the above together referred to as the "**Constituents**", combined with,
  - (ii) a cash position denominated in the Reference Portfolio Currency (the "**Cash Position**"),
- which together with the Constituents shall be referred to as the "**Reference Portfolio Components**". The performance of the Reference Portfolio will be net of the relevant fees and costs described herein.

The Cash Position will accrue interest at the prevailing reference rate (the "**Reference Rate**"), as described in Annex 1, which may be negative from time to time.

The notional value of the Reference Portfolio (the "**Initial Reference Portfolio Level**") will be ZAR 100.00 per Note on the Pricing Date.

Whilst the Redemption Amount is linked to the market value of the Reference Portfolio Components, the Issuer is not obliged to invest the proceeds of the issuance of the Notes in any Reference Portfolio Component at any time and the holders of the Notes do not have any direct interest in, or beneficial ownership in any Reference Portfolio Component at any time.

### Product Details

Security Identification	ISIN: ZAE000266656
Product Long Name	UBS SNLMA 05Dec23
Product Short Name	UBS SNLMA
Alpha Code	USNLMA
Issue Size	Up to 1 000 000 Units (with reopening clause)
Initial Reference Portfolio Level	The Reference Portfolio Level (as defined below) as of the Pricing Date
Issue Price	ZAR 100.00 per Note (100.00% of Initial Reference Portfolio Level) (unit quotation)
Specified Denomination	ZAR 100.00
Specified Currency	ZAR
Settlement	Cash Settlement
Currency Treatment	The Reference Portfolio may be exposed to Constituents denominated in currencies other than the Specified Currency. <b>The currency risk is not hedged.</b>

### Dates

Pricing Date (" <b>Pricing</b> ")	13 December 2018
Issue Date	14 December 2018
Last Trading Day	04 December 2023
Last Date to Trade	Means 5 Business Days prior to the relevant Original Expiration Date
Expiration Date (" <b>Expiry</b> ")	05 December 2023 (subject to Market Disruption Events provisions, Early Termination, Automatic Early Termination, Stop Loss Event provisions and Unwind Disruption provisions), subject to extension at the option of the Issuer on two separate occasions, on each such occasion for an additional 5 years period (from the initial scheduled Expiration Date stated above or from the extended Expiration Date when relevant, each such date the " <b>Original Expiration Date</b> "), with a notice period of 14 calendar days prior to the relevant Original Expiration Date.

With respect to an extension of the term in accordance with the above paragraph, the Investor may, in respect of 100% of the Notes it owns, elect to redeem such Notes on the Maturity Date following the relevant Original Expiration Date (and the relevant Notes shall

be redeemed on such date at the Redemption Amount) (such option for the Investor, the "**Expiration Extension Termination Option**") by providing notice to the Issuer between the relevant Last Date to Trade and the relevant Original Expiration Date.

Provided in each case, that if the initial scheduled or relevant extended Expiration Date is not a Constituents Business Day, then the first following day that is a Constituents Business Day shall apply.

Maturity Date

The third Business Day immediately following the Expiration Date, the Early Termination Date, the Original Expiration Date (to the extent that the Expiration Extension Termination Option has been exercised) or the Automatic Early Termination Date (in any case subject to Market Disruption Event provisions).

## Redemption

Redemption Amount Each Note entitles the Investor to receive on the Maturity Date an amount per Note in the Specified Currency (the "**Final Redemption Amount**"), equal to the Redemption Amount.

Redemption Amount An amount calculated by the Calculation Agent, according to the following formula:

$$\text{Specified Denomination} \times \text{Max} \left( 5\% ; \frac{\text{Final Reference Portfolio Level}}{\text{Initial Reference Portfolio Level}} \right)$$

Where:

"**Final Reference Portfolio Level**" means the Reference Portfolio Level on the Expiration Date, the Early Termination Date, the Original Expiration Date (to the extent that the Expiration Extension Termination Option has been exercised) or the Automatic Early Termination Date, as applicable; and

"**Initial Reference Portfolio Level**" means the Reference Portfolio Level on the Pricing Date.

For the purposes of the above, "**Reference Portfolio Level**" means the value of the Reference Portfolio as determined by the Calculation Agent on the Expiration Date, the Early Termination Date or the Automatic Early Termination Date (as applicable) and subject to Unwind Disruption, as the sum of:

- i) the sale proceeds, as converted into the Specified Currency where applicable, using the prevailing exchange rate, as determined by the Calculation Agent in its reasonable discretion, that would be realized by a notional investor (in the same position as the Issuer) when selling and/or, as the case may be, unwinding the prevailing Constituents comprising the Reference Portfolio; and
- ii) the value of the Cash Position minus any accrued but not yet deducted Adjustment Fee and/or Reference Portfolio Fee.

In the event that a notional investor (in the same position as the Issuer) would be unable to unwind its investment in the Constituents by the Expiration Date, the Early Termination Date or the Automatic Early Termination Date, as applicable (such event an "**Unwind Disruption**"), the Issuer reserves the right to postpone the Expiration Date, the Early Termination Date or the Automatic Early Termination Date in accordance with the Market Disruption Events provisions below.

**Please note that the Redemption Amount may be less than the initially invested capital.**

Early Termination by Issuer

The Issuer is entitled to terminate the Notes early in full for an amount equal to the Redemption Amount on the relevant Maturity Date subject to the following notice period:

Quarterly, i.e. as of each 30 June, 30 September, 31 December and 31 March of each year (the "**Early Termination Date**"), subject to at least 45 Business Days prior notice being given to the Investors (provided in each case if such day is not a Constituents Business Day, then the immediately following Constituents Business Day shall be the Early Termination Date). The first possible Early Termination Date will be 29 March 2019. There is no early termination right for the investor in the Notes.

Automatic Early Termination

Should the Reference Portfolio Advisor cease to be or to act as the Reference Portfolio Advisor, the Notes will be terminated (the "**Automatic Early Termination**") for an amount equal to the Redemption Amount on the third Business Day following the date on which the Reference Portfolio Advisor no longer is or acts as the Reference Portfolio Advisor (provided if such day is not a Constituents Business Day, then the immediately following Constituents Business Day shall apply) (the "**Automatic Early Termination Date**"), as determined at the reasonable discretion of the Calculation Agent. No notice period shall apply in that case.

## Stop Loss Event

A "**Stop Loss Event**" shall be deemed to occur if on any calendar day during the period from and including the Pricing Date to and including the Expiration Date (and regardless of the duration of time during which such circumstances exist) the Reference Portfolio Level is equal to or below the Stop Loss Level, as determined in the reasonable discretion of the Calculation Agent.

Subject to the Notes not having already been redeemed early and/or cancelled, if a Stop Loss Event occurs, the Issuer shall redeem all of the Notes then outstanding on the Stop Loss Event Redemption Date at their Stop Loss Event Redemption Amount.

For these purposes:

"**Stop Loss Event Determination Date**" means the date on which a Stop Loss Event occurs;

"**Stop Loss Event Redemption Amount**" means an amount per Note in the Specified Currency equal to the aggregate Stop Loss Unwind Proceeds divided by the number of Notes then outstanding, as calculated by the Calculation Agent;

"**Stop Loss Event Redemption Date**" means the third Constituents Business Day immediately following a Stop Loss Event Determination Date;

"**Stop Loss Level**" means ZAR 25.00 per Note multiplied by the number of Notes outstanding; and

"**Stop Loss Unwind Proceeds**" means the net proceeds received by the Issuer (if any, subject to a minimum of ZAR 5.00 per Note multiplied by the number of Notes outstanding and subject to the Unwind Disruption provisions) from terminating hedging positions entered into by the Issuer for the purposes of hedging its risks in respect of the Notes, on or after the Stop Loss Event Determination Date (which could be, as determined in the sole and absolute discretion of the Issuer, based on the level of each Constituent comprised in the Reference-Portfolio), as determined in the reasonable discretion of the Calculation Agent.

## Reference Portfolio Level

Except on the Expiration Date, the Early Termination Date or the Automatic Early Termination Date, as applicable, the Calculation Agent shall calculate the Reference Portfolio Level in its own reasonable discretion in respect of each Business Day, subject to a Market Disruption Event (each a "**Reference Portfolio Calculation Date**").

The Reference Portfolio Level in respect of each Reference Portfolio Calculation Date is the sum of (i) the closing price or value of each Constituent on such Reference Portfolio Calculation Date, and (ii) the value of the Cash Position.

For the avoidance of doubt, the Reference Portfolio Level in respect of the Expiration, Early Termination Date or Automatic Early Termination Date, as applicable, shall be calculated by the Calculation Agent in accordance with the provisions under "**Redemption Amount**" above.

**Fees**

Reference Portfolio Advisor Fee (calculated daily)	The Reference Portfolio Advisor will receive a quarterly fee of 0.125% (0.50% per year) of the Reference Portfolio Level, deducted from the respective Reference Portfolio Level on a pro-rata daily basis as determined by the Calculation Agent.
Issuer Management Fee (calculated daily)	The Issuer will receive a quarterly fee of 0.1125% (0.45% per year) of the Reference Portfolio Level, deducted from the respective Reference Portfolio Level on a pro-rata daily basis by the Calculation Agent.
Reference Portfolio Fee	The sum of the Reference Portfolio Advisor Fee and the Issuer Management Fee.
Adjustment Fee	An Adjustment Fee is levied for each Rebalancing, as defined in Annex 1, made in the Reference Portfolio and represents a percentage of the notional volume of each of the purchase and/or sale of a Constituent. The Adjustment Fee equals 0.10%.  The Adjustment Fee shall be deducted from the Cash Position.  For the avoidance of doubt, unwind costs to determine the Final Reference Portfolio Level shall constitute Adjustment Fees.
Distribution Fee	<b>The Adjustment Fees fully remain with the Issuer.</b> None

## Product Structure

The Product allows for participation in the performance of the Reference Portfolio, which is calculated net of relevant fees and costs. The Reference Portfolio is a notional actively managed portfolio, created and maintained by the Reference Portfolio Advisor.

## General Information

Issuer	UBS AG, acting through its London Branch
Issuer Rating	Aa3 Moody's / A+ S&P's / AA- Fitch
	This is the long term credit rating of the Issuer and it does not represent ratings of the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. The Notes will not be rated.
Issuer Supervisory Authority	Swiss Financial Market Supervisory Authority (FINMA). London Branch additionally Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA).
Calculation Agent	UBS AG, London Branch
Manager	UBS South Africa (Pty) Ltd
South African Transfer Agent	UBS South Africa (Pty) Ltd
South African Paying Agent	First Rand Bank Limited, acting through its division, First National Bank
Listing	Application will be made to admit the Notes to listing on the Main Board of the Johannesburg Stock Exchange.
Public Offering	None
Reference Portfolio Advisor	<b>ABSA Bank Limited</b>
	Please note that the Reference Portfolio Advisor may not only act as Reference Portfolio Advisor with regard to the Reference Portfolio, but may at the same time act as asset manager or financial consultant with regard to investors in the Notes, which may induce potential conflicts between investors' interests and Reference Portfolio Advisor's interests. The Reference Portfolio Advisor has implemented any measures required to fully mitigate such potential conflict of interest.
	The Reference Portfolio Advisor will delegate the management of the Reference Portfolio to <b>Sanlam Investment Management (Pty) Ltd</b> (the " <b>Delegated Reference Portfolio Advisor</b> "). More information about Sanlam Investment Management (Pty) Ltd can be found at <a href="http://www.sanlaminvestments.com">www.sanlaminvestments.com</a> . Sanlam Investment Management (Pty) Ltd is regulated by the Financial Sector Conduct Authority (Licence No. 579).
	Please note that the Delegated Reference Portfolio Advisor may not only act as Delegated Reference Portfolio Advisor with regard to the Reference Portfolio, but may at the same time act as asset manager or financial consultant with regard to investors in the Notes, which may induce potential conflicts between investors' interests and Delegated Reference Portfolio Advisor's interests. The Delegated Reference Portfolio Advisor has implemented any measures required to fully mitigate such potential conflict of interest.
Reference Portfolio Advisor Supervisory Authority	The Reference Portfolio Advisor is regulated by the South African Reserve Bank ("SARB") (Registration No. 1986/004794/06).
Delegated Reference Portfolio Advisor Supervisory Authority	The Delegated Reference Portfolio Advisor is regulated by the Financial Sector Conduct Authority (Licence No. 579).
Business Days	Any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and Johannesburg.
Constituents Business Day	Any day on which (i) in respect of the Constituents, the Exchange and Related Exchange are scheduled to be open for trading, notwithstanding any day on which they close for business prior to their regular weekday closing time and (ii) the Calculation Agent is open for business.
Exchange	The primary stock exchange on which the Constituents are listed and publicly quoted and traded, as determined by the Calculation Agent from time to time.
Related Exchange	Means the principal exchange (if any) on which options or futures contracts relating to the Constituents are traded or quoted, as determined by the Calculation Agent.
Secondary Market	The Issuer or the Manager, as applicable, intends, under normal market conditions, to provide bid and/or 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/or 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.
Minimum Investment	1 Note
Clearing	The Notes will be cleared through the CSD (Strate Proprietary Limited)

Form of Notes	Registered Form
Governing Law	English Law
Product	One ZAR denominated Note unit is equivalent to one (1) " <b>Product</b> ". " <b>Products</b> " wherever used herein shall be construed to mean integral multiples of the same, subject to the issue size.

### Adjustments and Disruption Events

Adjustments and Disruption Events	The Final Terms of the Notes include provisions setting out certain adjustments that may be made to the Reference Portfolio and to the terms of the Notes in the event that any day should be a Disrupted Day or if an FX Disruption Event or an Unwind Disruption Event has occurred (each as determined below). Prior to agreeing to purchase the Notes, you should be familiar with these provisions.
Disrupted Day	Any Business Day on which the Calculation Agent determines that trading and/or transactions in the relevant Constituent or Eligible Constituent, as the case may be, is or are adversely affected (including without limitation where trading and/or transactions are limited by reason of illiquidity, any circumstances of market or trading disruption or the unavailability for any reason of any quote, official price or valuation in relation to the relevant Constituent or Eligible Constituent).
FX Disruption Event	Means (i) an event that generally makes it illegal, impossible, impractical or inadvisable to convert one unit of the currency in which any non-ZAR denominated Constituent is denominated (the " <b>Denomination Currency</b> ") into the Specified Currency, or an event that generally makes it impossible to deliver the Specified Currency from accounts in which they are held to accounts outside of the jurisdiction of the Denomination Currency; or (ii) the general unavailability to exchange the Specified Currency at a spot rate (applicable to the purchase of the Specified Currency for the Denomination Currency) in any legal currency exchange market in the principal financial centre for the Denomination Currency, if, in the determination of the Calculation Agent, the occurrence of any such events is material.
Unwind Disruption Event	Means, in respect of any date, the Issuer or a Notional Investor would be unable to unwind its investments, in any Constituent(s) on or by such date.  For the purposes of the above, " <b>Notional Investor</b> " means a hypothetical person with obligations similar to those of the Issuer in respect of the Notes, who has elected to hedge those obligations.

## 2. Prospects of Profits and Losses

**The following section is for indicative purposes and only provides an overview of the prospects of profits and losses. For detailed information, prospective investors should refer to the provisions of the Notes.**

Market Expectations	Investors in these Notes expect the Reference Portfolio to trade positively over the life of the Notes.
Effect of the performance of the Underlying on the Redemption Amount:	
<ul style="list-style-type: none"> <li>Positive Performance</li> </ul>	If the Reference Portfolio performs positively, Investors realise a positive return.
<ul style="list-style-type: none"> <li>Sideways to slightly negative performance</li> </ul>	If the Reference Portfolio performs sideways to slightly negative, Investors fully participate in the negative performance of the Reference Portfolio. Investors may lose some of their investment.
<ul style="list-style-type: none"> <li>Pronounced negative performance</li> </ul>	If the Reference Portfolio performs negatively, Investors may lose some or all of their investment.
Profit potential	The profit potential is unlimited. The Product allows for full participation in the positive performance of the Reference Portfolio, as adjusted by fees and costs as described in more detail herein.
Loss potential	Investors may lose some or all of the investment as they are fully exposed to the negative performance of the Reference Portfolio as well as to currency risks where the as the currency risk is not hedged.

## 3. Significant Risks For Investors

General risk warning	Potential Investors should understand the risks associated with an investment in the Product and shall only reach an investment decision after careful considerations with their legal, tax, financial and other advisors of (i) the suitability of an investment in the Product in the light of their own particular financial, fiscal and other circumstances; (ii) the information set out in this document and (iii) the Reference Portfolio Components. The following is a summary of the most significant risks. Further risks are set out in the Product Documentation.
Risk Tolerance	Investors in this Product should be experienced investors and familiar with both derivative products and the general markets as well as with the investment management abilities of the Reference Portfolio Advisor.

Investors must be willing to make an investment that is fully exposed to the performance of the Reference Portfolio, meaning that Investors might lose their whole investment in the Product in the worst case. Furthermore, Investors should be aware that the Reference Portfolio may contain Constituents denominated in currencies other than the Specified Currency. **The currency risk is not hedged.** In addition, Investors should be aware that the Issuer is entitled to redeem the Product early.

**Product Specific Risks**

Capital Protection (at Expiry)	None, but the product has a floor at ZAR 5.00 per Note
Risk Potential in comparison to a direct investment in the Underlying	The risk potential is similar to a direct investment in the assets contained in the notional Reference Portfolio.
Issuer Call right	Yes; additionally, an Automatic Early Termination or a Stop Loss Event Redemption Date may occur.
Stop Loss Event	Yes
Currency risk	As the Specified Currency is different from the currency in which some or all assets contained in the notional Reference Portfolio are denominated, the value of this product is exposed to the corresponding FX exchange rates.
Risks specific to commodity investments	Investments in commodities may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time, creates the possibility for greater loss.
Similar risks to a direct investment in futures contracts	The Products aims inter alia to replicate the performance of long positions in selected futures. Consequently, an investment in the Products, to a certain extent, is subject to market risks similar to direct investment in such a futures contract. Futures prices can differ substantially from the spot price of the underlying financial instrument (e.g. shares, indices, interest rates, currencies) or underlying commodity and precious metal (e.g. oil, wheat, sugar, gold, silver). Investors must be aware of the fact that the futures price and, accordingly, the value of the Products does not always move in the same direction or at the same rate as the spot price of such underlying. Therefore, the value of the Products can fall substantially even if the spot price of the relevant underlying of the futures contract remains stable or rises.
	<p><b>Contango and backwardation:</b>  The prices of the longer-term and the shorter-term futures contract can differ even if all other contract specifications are the same. If the prices of longer-term futures contracts are higher than the price of the shorter-term futures contract to be exchanged (so-called contango), the number of futures contracts held is reduced with the Roll-over. Conversely, if the prices of short-term futures are higher (so-called backwardation), the number of futures contracts held is increased with the Roll-over (without taking into account roll-over expenses). In addition, expenses for the roll-over itself are incurred. This may result in a negative effect for the value of the Products and the redemption.</p>
Disruption Event	<p>The Final Terms of the Notes includes detailed provisions setting out when Disruption Events may occur.</p> <p>A Disruption Event may lead to (i) a postponement of the Expiration Date, the Early Termination Date, the Automatic Early Termination Date or the Stop Loss Event Redemption Date, as applicable, and therefore of the Redemption Amount, (ii) the use of an alternative method for determining any Constituent level and/or (iii) to the unilateral determination of the applicable Constituent level by the Calculation Agent.</p> <p>Such postponement, use of alternative price source and/or determination of the applicable Constituent level by the Calculation Agent may affect, materially or otherwise, the Redemption Amount which the Investor will receive.</p>
Illiquidity risk in secondary market	The Issuer or the Manager, as applicable, intends, under normal market conditions, to provide bid and/or offer prices for the Notes on a regular basis. However, the Issuer or the Manager, as applicable, makes no firm commitment to provide liquidity by means of bid and/or offer prices for the Notes, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices.
Calculation Agent's discretion	The Calculation Agent has a broad discretionary authority to make various determinations and adjustments under the Notes, any of which may have an adverse effect on the value and/or the amounts payable under the Notes. Prospective investors should be aware that any determinations made by the Calculation Agent may have an impact on the value and financial return of the Notes. Where the Calculation Agent is required to make a determination it may do so without taking into account the interests of the holders of the Notes.

Withholding tax

Investors in this Product should note that any payment under this Product may be subject to withholding tax (such as, inter alia, Swiss Withholding Tax, and/or withholding related to FATCA or 871(m) of the US Tax Code). **Any payments due under this Product are net of such tax.** Please refer to the General Terms and Conditions for detailed information. If the Issuer is required to withhold any amount pursuant to Section 871(m) or FATCA of the U.S. Tax Code, the Issuer will not be required to pay additional amounts with respect to the amount so withheld.

#### 4. Additional Information

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##### Selling Restrictions

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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

The Pricing Supplement will be prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (as defined below) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

##### 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. For the purposes of this selling restriction, U.S. persons shall include pass-thru entities with owners that are "United States person" as that term is defined under Section 7701(a)(30) of the US Internal Revenue Code.



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**Annex 1 – Reference Portfolio Description Document**

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**1. General information about the Reference Portfolio**

The **Sanlam Commodity Best Ideas Portfolio 1** Portfolio (the "**Reference Portfolio**") is a notional South African Rand ("**ZAR**" or the "**Reference Portfolio Currency**") denominated reference portfolio, created, actively managed and maintained by **ABSA Bank Limited** (the "**Reference Portfolio Advisor**").

The Reference Portfolio aims to replicate the performance of:

- (i) long only positions in UBS Exchange Traded Commodities (ETCs) (each a "**Commodity Constituent**") comprised in the Commodity Investment Universe, all of the above together referred to as the "**Constituents**", combined with,
- (ii) a cash position denominated in the Reference Portfolio Currency (the "**Cash Position**"), which together with the Constituents shall be referred to as the "**Reference Portfolio Components**". The performance of the Reference Portfolio will be net of the relevant fees and costs described herein.

The Cash Position will accrue interest at the prevailing reference rate (the "**Reference Rate**"), as described herein, which may be negative from time to time.

The Reference Portfolio Advisor has created the Reference Portfolio by selecting the initial Constituents (the "**Initial Constituents**") on 13 December 2018 (the "**Pricing Date**"). The Initial Constituents are listed in Section 3 below. The notional value of the Reference Portfolio (the "**Initial Reference Portfolio Level**") will be ZAR 100.00 per Note on the Pricing Date.

The Reference Portfolio Advisor is responsible for adjusting the composition of the Reference Portfolio from time to time thereafter (any such adjustment a "**Rebalancing**") in accordance with Section 4 below. Certain limitations apply as to the composition of the Reference Portfolio from time to time as described in such section.

The level of the Reference Portfolio (the "**Reference Portfolio Level**") is calculated in the Reference Portfolio Currency, net of fees and costs associated with the creation, maintenance and management of the Reference Portfolio, as described in Section 5 below.

The Calculation Agent may adjust the composition of the Reference Portfolio from time to time to account for corporate actions in respect of the Constituents and other similar events, as described in Section 6 below.

Whilst the Redemption Amount is linked to the market value of the Reference Portfolio Components, the Issuer is not obliged to invest the proceeds of the issuance of the Notes in any Reference Portfolio Component at any time and the holders of the Notes do not have any direct interest in, or beneficial ownership in any Reference Portfolio Component at any time.

Unless otherwise specifically provided herein, terms used in this document shall have the meanings given to such terms in, and shall be interpreted in accordance with, the terms and conditions of the relevant product linked to the Reference Portfolio.

**2. Reference Portfolio Investment Universe, title selection criteria and investment restrictions**

The Reference Portfolio, whose composition may vary from time to time, is actively managed by the Reference Portfolio Advisor and represents a notional investment in the Reference Portfolio Components as described in detail in the following. The Reference Portfolio Advisor is not allowed to select any additional securities, assets, exposures or contracts for inclusion in the notional Reference Portfolio apart from the ones that are part of the Investment Universes described below. The Reference Portfolio Advisor may select any securities, assets, exposures or contracts from the Investment Universes for inclusion in the notional Reference Portfolio (with such securities, assets, exposures or contracts becoming "Constituents" after inclusion in the Reference Portfolio) in its reasonable discretion pursuant and subject to the provisions contained in this document.

**2.1 Commodity Constituents**

The Reference Portfolio may reference as Commodity Constituents long positions in UBS Exchange Traded Commodities (ETCs) (each an "**Eligible Commodity Constituent**") from the universe described below (the "**Commodity Investment Universe**").

<b>Commodity ETC Constituents</b>	<b>Bloomberg Ticker</b>
UBS ETC ON CMCI COMP USD	TCMCIU SX Equity
UBS ETC ON CMCI ENERGY USD	TENCIU SX Equity
UBS ETC ON CMCI WTI OIL USD	TCLCIU SX Equity
UBS ETC ON CMCI BRENT USD	TCOCIU SX Equity
UBS ETC ON CMCI GASOIL USD	TQSCIU SX Equity

UBS ETC ON CMCI GASOLINE USD	TXBCIU SX Equity
UBS ETC ON CMCI HEAT OIL USD	THOCIU SX Equity
UBS ETC CMCI NATURAL GAS USD	TNGCIU SX Equity
UBS ETC ON CMCI INDU MET USD	TIMCIU SX Equity
UBS ETC ON CMCI ALU USD	TLACIU SX Equity
UBS ETC ON CMCI COPPER USD	TLPCIU SX Equity
UBS ETC ON CMCI LEAD USD	TLLCIU SX Equity
UBS ETC ON CMCI NICKEL USD	TLNCIU SX Equity
UBS ETC ON CMCI ZINC USD	TLXCIU SX Equity
UBS ETC ON CMCI PREC MET USD	TPMCIU SX Equity
UBS ETC ON CMCI GOLD USD	TGCCIU SX Equity
UBS ETC ON CMCI SILVER USD	TSICIU SX Equity
UBS ETC ON CMCI PLATINUM USD	TPLCIU SX Equity
UBS ETC ON CMCI AGRI USD	TAGCIU SX Equity
UBS ETC ON CMCI FOOD USD	TFOCIU SX Equity
UBS ETC ON CMCI COCOA USD	TQCCIU SX Equity
UBS ETC ON CMCI COFFEE USD	TKCCIU SX Equity
UBS ETC ON CMCI CORN USD	TCNCIU SX Equity
UBS ETC ON CMCI COTTON USD	TCTCIU SX Equity
UBS ETC ON CMCI SOYBEANS USD	TSYCIU SX Equity
UBS ETC ON CMCI SOY MEAL USD	TSMCIU SX Equity
UBS ETC ON CMCI SOY OIL USD	TBOCIU SX Equity
UBS ETC ON CMCI SUGAR USD	TSBCIU SX Equity
UBS ETC ON CMCI WHEAT USD	TWWCIU SX Equity
UBS ETC ON CMCI LEAN HOG USD	TLHCIU SX Equity
UBS ETC ON CMCI LIV CATT USD	TLCCIU SX Equity
UBS ETC ON CMCI AGS & LS USD	TEMCIU SX Equity
UBS ETC ON CMCI SPGSCI USD	GCMCIU SX Equity
UBS ETC ON CMCI BCOM USD	TDJCMU SX Equity
UBS ETC ON BCOMTR INDEX	BCOMUU SX Equity
UBS ETC ON BCOMENTR INDEX	BCENUU SX Equity
UBS ETC ON BCOMCLTR INDEX	BCWTUU SX Equity
UBS ETC ON BCOMCOT INDEX	BCBRUU SX Equity
UBS ETC ON BCOMGOT INDEX	BCGOUU SX Equity
UBS ETC ON BCOMRBTR INDEX	BCUGUU SX Equity
UBS ETC ON BCOMHOTR INDEX	BCHOUU SX Equity
UBS ETC ON BCOMNGTR INDEX	BCNGUU SX Equity
UBS ETC ON BCOMINTR INDEX	BCIMUU SX Equity
UBS ETC ON BCOMALTR INDEX	BCALUU SX Equity
UBS ETC ON BCOMHGTR INDEX	BCCOUU SX Equity
UBS ETC ON BCOMPBTR INDEX	BCLEUU SX Equity

UBS ETC ON BCOMNTR INDEX	BCNIUU SX Equity
UBS ETC ON BCOMZSTR INDEX	BCZIUU SX Equity
UBS ETC ON BCOMPTR INDEX	BCPMUU SX Equity
UBS ETC ON BCOMGCTR INDEX	BCXAUU SX Equity
UBS ETC ON BCOMSITR INDEX	BCSIUU SX Equity
UBS ETC ON BCOMPLTR INDEX	BCPLUU SX Equity
UBS ETC ON BCOMAGTR INDEX	BCAGUU SX Equity
UBS ETC ON BCOMCCTR INDEX	BCCCUU SX Equity
UBS ETC ON BCOMKCTR INDEX	BCCFUU SX Equity
UBS ETC ON BCOMCNTR INDEX	BCCNUU SX Equity
UBS ETC ON BCOMCTTR INDEX	BCCTUU SX Equity
UBS ETC ON BCOMSYTR INDEX	BCSBUU SX Equity
UBS ETC ON BCOMSMT INDEX	BCSMUU SX Equity
UBS ETC ON BCOMBOTR INDEX	BCSOUU SX Equity
UBS ETC ON BCOMSBTR INDEX	BCSUUU SX Equity
UBS ETC ON BCOMWHTR INDEX	BCWHUU SX Equity
UBS ETC ON BCOMLITR INDEX	BCLSUU SX Equity
UBS ETC ON BCOMLHTR INDEX	BCLHUU SX Equity
UBS ETC ON BCOMLCTR INDEX	BCLCUU SX Equity
UBS ETC ON BCOMAVT INDEX	BCAIUU SX Equity
UBS ETC ON BCOMXALT INDEX	BCEXUU SX Equity

Eligible Commodity Constituents from the Commodity Investment Universe may be selected in the sole discretion of the Reference Portfolio Advisor pursuant and subject to the provisions contained in this document. The Calculation Agent may retain the right to reject the inclusion of any Eligible Commodity Constituent due to any applicable rules, regulations and internal or external restrictions according to the provisions as set out below in Section 4 ("**Rebalancing of the Reference Portfolio**") below.

## 2.2 Cash Position

From time to time, the notional Reference Portfolio may also contain a Cash Position as a Reference Portfolio Component, which represents a notional holding of a cash account denominated in the Reference Portfolio Currency and accruing interest at the prevailing reference rate (the "**Reference Rate**"), which can be negative from time to time.

The Reference Rate is observed on every Business Day and shall be equal to the South Africa Rand Overnight Deposit Rate (Bloomberg page: RAONON <Index>) (the "**Relevant Screen Page**"), which for the avoidance of doubt may be negative from time to time.

If the Relevant Screen Page is not available, the Reference Rate shall be the equivalent rate as displayed on the corresponding page of another financial information service. If the Reference Rate is no longer displayed in one of these forms, the Calculation Agent is entitled to specify at its reasonable discretion a successor Reference Rate calculated on the basis of the standard market practices applicable at that time as the Reference Rate.

The value of the Cash Position will thereafter be positively or negatively affected by deductions and any Rebalancing and by Dividend payments of Constituents, as described in Section 2 and 4 herein. Finally, the Cash Position will be negatively impacted by the deduction of certain fees as described in Section 5 below.

The Cash Position may be notionally reinvested into Constituents from time to time, in the reasonable discretion of the Reference Portfolio Advisor.

### 2.3 Investment Restrictions

Eligible Constituents as well as Constituents may be selected by the Reference Portfolio Advisor for notional purchase or, as the case may be, sale or unwind in accordance with the following investment restrictions (the "**Investment Restrictions**"):

- (i) The Weight of the Cash Position shall at all times be greater than -5%.
- (ii) The sum of the Weights of all Constituents is capped at a maximum of 100% (the "**Leverage Threshold**") at all times during the lifetime of the product. In case the sum of the Weights of all Constituents exceeds the Leverage Threshold, the Calculation Agent is entitled to notionally sell Constituents at its reasonable discretion until the sum of the Weights of all Constituents is smaller than or equal to 95%. In respect of such notional sales of such Constituents, a notional credit (which may be equal to zero) shall be made to the Cash Position corresponding to the Notional Net Disposal Value (which may be equal to zero) of such Constituents with effect from the date of such Constituents' notional sale.

**For the avoidance of doubt: The responsibility and legal duty that the Reference Portfolio complies with the above guidelines is solely with the Reference Portfolio Advisor.**

### 2.4 Additional Definitions

"**Weight**" means, with respect to the Pricing Date or any Business Day and pertaining to a Commodity Constituent and/or to the Cash Position, the notional value of such Commodity Constituent as converted into the Reference Portfolio Currency, where such Commodity Constituent is not denominated in the Reference Portfolio Currency, at the then prevailing exchange rate, divided by the Reference Portfolio Level, both as determined by the Calculation Agent in its reasonable discretion.

### 3. Initial Composition of the Reference Portfolio

The Reference Portfolio was created on the Pricing Date with an opening value of ZAR 100.00 per Note. On the Pricing Date, the Constituents were as set out below.

<b>Bloomberg Ticker</b>	<b>Currency</b>	<b>Weight</b>
TCNCIU SX Equity	USD	6.10%
TSYCIU SX Equity	USD	5.08%
TWWCIU SX Equity	USD	5.49%
TLCCIU SX Equity	USD	11.95%
TLHCIU SX Equity	USD	4.72%
TSBCIU SX Equity	USD	7.36%
TKCCIU SX Equity	USD	5.31%
TCTCIU SX Equity	USD	4.00%
TCOCIU SX Equity	USD	4.38%
TNGCIU SX Equity	USD	4.17%
TCLCIU SX Equity	USD	4.09%
TXBCIU SX Equity	USD	2.04%
TGCCIU SX Equity	USD	13.05%
TSICIU SX Equity	USD	3.62%
TLPCIU SX Equity	USD	6.68%
TLACIU SX Equity	USD	4.58%
TLNCIU SX Equity	USD	3.01%
TLXCIU SX Equity	USD	2.39%
ZAR CASH	ZAR	1.98%
<b>TOTAL</b>		<b>100.00%</b>

The current composition of the Reference Portfolio (including the respective Weights) may be requested free of charge at any time from UBS AG, P.O. Box, CH-8098 Zurich (Switzerland), via telephone (+41-(0)44-239 47 03), fax (+41-(0)44-239 69 14) or via e-mail (swiss-prospectus@ubs.com).

#### 4. Rebalancing of the Reference Portfolio

- 4.1 A Rebalancing may be initiated by the Reference Portfolio Advisor on any Business Day following the Pricing Date, effective as soon as reasonably practicable, as determined by the Calculation Agent in a commercially reasonable manner (such day, a "**Reference Portfolio Adjustment Date**"), subject to the occurrence of a Market Disruption Event on such Constituents Business Day. However, no more than 252 Rebalancings may be initiated in any 12 month period starting with the Pricing Date and reset on each anniversary of the Pricing Date. The expected number of Rebalancings in any such 12 month period is 252.

For the avoidance of doubt, a single Rebalancing may comprise of a change to more than one Constituent, and therefore a change in the position of multiple Constituents which were the result of a single Rebalancing instruction by the Reference Portfolio Advisor shall be considered as one Rebalancing.

- 4.2 On any Business Day, the Reference Portfolio Advisor may, as it deems appropriate in its reasonable discretion, give notice to the Calculation Agent not later than 5 p.m. CET for European orders and 7 p.m. CET for all other orders, of its intention to initiate a Rebalancing on such day (a "**Rebalancing Notice**"), and effective as soon as reasonably practicable, as determined by the Calculation Agent in a commercially reasonable manner. Save as the Calculation Agent may otherwise agree, a Rebalancing Notice shall not be effective if, at the time of such Rebalancing Notice is received, a Rebalancing in respect of any Rebalancing Notice received earlier on such Business Day has not yet been completed or otherwise rejected. For the purposes hereof, a Rebalancing is deemed completed upon notification by the Calculation Agent to the Reference Portfolio Advisor, with respect to the relevant Rebalancing, of the relevant Notional Net Acquisition Cost of each Eligible Constituent notionally included in the Reference Portfolio, the Notional Net Disposal Value(s) of each Constituent notionally removed from the Reference Portfolio and the Weight of each Constituent notionally comprised in the Reference Portfolio following the relevant Rebalancing as provided in sub-Section 4.6 below.
- 4.3 The Calculation Agent will determine the exact number of Constituents based on prevailing market conditions, including exchange rates when relevant, in its reasonable discretion. Such number may deviate from the exact Weight recommended by the Reference Portfolio Advisor.
- 4.4 On each Reference Portfolio Adjustment Date, notional debits and credits to the Cash Position shall be made as follows:
- (i) In respect of the notional purchase of an of an Eligible Commodity Constituent a notional debit shall be made to the Cash Position corresponding to the Notional Net Acquisition Cost of such Eligible Commodity Constituent, with effect from the date of the notional purchase of such Eligible Commodity Constituent; and
  - (ii) In respect of the notional sale or unwind of a Commodity Constituent a notional credit (which may be equal to zero) shall be made to the Cash Position corresponding to the Notional Net Disposal Value (which may be equal to zero) of such with effect from the date of the notional sale of such Commodity Constituent.
- 4.5 The Calculation Agent is entitled but has no legal duty to refuse the notional purchase of any Eligible Constituent and/or the notional sale or unwind of any Constituents and to require the Reference Portfolio Advisor to initiate a Rebalancing in certain circumstances, as follows:
- (i) The Reference Portfolio Advisor has selected an asset for inclusion in the notional Reference Portfolio which is not part of the Investment Universes;
  - (ii) The Reference Portfolio is, or following the relevant Rebalancing would breach any of the Investment Restrictions or any other rule or provision contained herein;
  - (iii) A Market Disruption Event has occurred in respect of the relevant Eligible Constituent or Constituent on the relevant Reference Portfolio Adjustment Date;
  - (iv) A FX Disruption Event has occurred in respect of the relevant Eligible Constituent or Constituent on the relevant Reference Portfolio Adjustment Date;
  - (v) The Calculation Agent determines that a Hedging Disruption Event has occurred in relation to any Constituent or Eligible Constituent. In this paragraph, "**Hedging Disruption Event**" means the determination by the Calculation Agent that it would not be reasonably practicable or it would otherwise be undesirable, for any reason, for a notional Investor wholly or partially to establish, re-establish, substitute or maintain any hedging transaction which in the determination of the Calculation Agent would be necessary or desirable to hedge the obligations of an issuer of securities linked to the performance of the Reference Portfolio (such reasons may include, but are not limited to (i) any material illiquidity in the market for any Constituent or Eligible Constituent, (ii) a change in any applicable law (including, without limitation, any tax law) or the promulgation of, or change in, the interpretation of any court, tribunal or regulatory authority with competent jurisdiction of any applicable law (including any action taken by a taxing authority); or (iii) the general unavailability of market participants who would agree to enter into any such hedging transaction on commercially reasonable terms or at all; and
  - (vi) The Calculation Agent determines that it would not be reasonably practicable for a notional Investor in the same position as the Issuer to make purchases and/or sales or unwind of any Eligible Constituent or Constituent, as the case may be, due to compliance, regulatory, reporting or reputational constraints, take-over considerations, internal restrictions or lack of internal approval.

In the event that the Calculation Agent requires the Reference Portfolio to initiate a Rebalancing such that the Reference Portfolio complies with the foregoing, the Reference Portfolio Advisor shall, as soon as is reasonably practicable and without undue delay, initiate a Rebalancing such that the Reference Portfolio complies with the foregoing as at the immediately following Reference Portfolio Adjustment Date. The Reference Portfolio Advisor has no right to object to such Rebalancing required by the Calculation Agent.

**For the avoidance of doubt: Notwithstanding the entitlements of the Calculation Agent under this paragraph, the sole responsibility and legal duty to manage the Reference Portfolio in compliance with the rules and provisions contained in this document is with the Reference Portfolio Advisor.**

- 4.6 As soon as is reasonably practicable after receipt of an effective Rebalancing Notice on a Reference Portfolio Adjustment Date, and subject to any rejection pursuant to sub-Section 4.5 above, the Calculation Agent shall notify the Reference Portfolio Advisor of (a) the Notional Net Acquisition Cost and Notional Net Disposal Value applicable to each Eligible Constituent and/or Constituent that is subject to the Rebalancing and (b) the Weight of each Constituent comprised in the Reference Portfolio as a result of the Rebalancing. Upon receipt by the Reference Portfolio Advisor of such notice from the Calculation Agent, the Rebalancing shall be binding and conclusive on the Reference Portfolio Advisor in the absence of manifest error.

For the avoidance of doubt, a proposed Rebalancing shall be effective only if and to the extent that the Calculation Agent, on the Reference Portfolio Adjustment Date on which the relevant Rebalancing Notice is given, notifies to the Reference Portfolio Advisor the information mentioned in (a) and (b) above. Should a proposed Rebalancing not be fully effective on a Reference Portfolio Adjustment Date, the Reference Portfolio Advisor will be required to deliver one or more further Rebalancing Notices in accordance with the provisions hereof to execute the remainder of the initially proposed Rebalancing.

- 4.7 In this Section:

- (i) **"Notional Net Acquisition Cost"** means, in relation to an Eligible Commodity Constituent, the notional price (including any applicable Adjustment Fee) at which the Calculation Agent determines that a notional Investor would be able to purchase or otherwise acquire such Eligible Commodity Constituent (where applicable, on the relevant Exchange) at execution time on the relevant Reference Portfolio Adjustment Date, as converted into Reference Portfolio Currency where such Eligible Commodity Constituent is not denominated in the Reference Portfolio Currency, at the then prevailing exchange rate, each as determined by the Calculation Agent in its reasonable discretion; and
- (ii) **"Notional Net Disposal Value"** means, in relation to an Commodity Constituent, the notional price (net of any applicable Adjustment Fee) at which the Calculation Agent determines that a notional Investor would be able to sell or otherwise realise or dispose of such Commodity Constituent (where applicable, on the relevant Exchange) at execution time on the relevant Reference Portfolio Adjustment Date, as converted into Reference Portfolio Currency, where such Commodity Constituent is not denominated in the Reference Portfolio Currency, at the then prevailing exchange rate, each as determined by the Calculation Agent in its reasonable discretion.

## 5. Fees and Costs applicable to the Reference Portfolio

The Reference Portfolio is calculated net of fees and costs described under the "Fees" definition in section 1 ("**Description of the Product**") of this document.

## 6. Adjustments of the Reference Portfolio

If, at any time, any event occurs in relation to any Constituent which the Calculation Agent determines requires any adjustment(s) to be made to the composition of the Reference Portfolio, then the Calculation Agent shall (i) determine which adjustment(s) are to be made to the Reference Portfolio with a view to account for the effect of the relevant event and to preserve the prevailing composition of the Reference Portfolio immediately prior to the occurrence of such event and (ii) determine the date on which such adjustment(s) shall take effect.

**For the avoidance of doubt: Notwithstanding the entitlements of the Calculation Agent under this paragraph, the sole responsibility and legal duty to manage the Reference Portfolio in compliance with the rules and provisions contained in this document is with the Reference Portfolio Advisor.**

## **7. Index disclaimers**

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