Factsheet

Capital Protection Certificate with Participation

Product Description and Functionality

Capital protected Certificates allow investors to participate to the positive performance of the underlying and provide a hedge for falling prices. The capital protection ranges typically between 90 and 100%. As with bonds price fluctuations may occur during the lifetime of the product. Products offer the defined protection as per maturity and participate often 100% to the positive performance of the underlying limited by a cap.

Participation and Cap

Definition of Participation: The participation rate defines the proportion in percentage the investor profits to the positive performance of the underlying at maturity.

Definition of Cap: Capital protection products are sometimes provided with a cap. Although this limits the investor's profit potential, it allows a higher capital protection level or a higher participation rate.

Advantages

- Guaranteed capital protection at maturity
- Participation in the positive performance of the underlying

Risks

- Issuer risk
- The capital protection is only valid at maturity
- During the term, the value of the product depends on various factors (including volatility and interest rates) and may also be quoted below the capital protection level

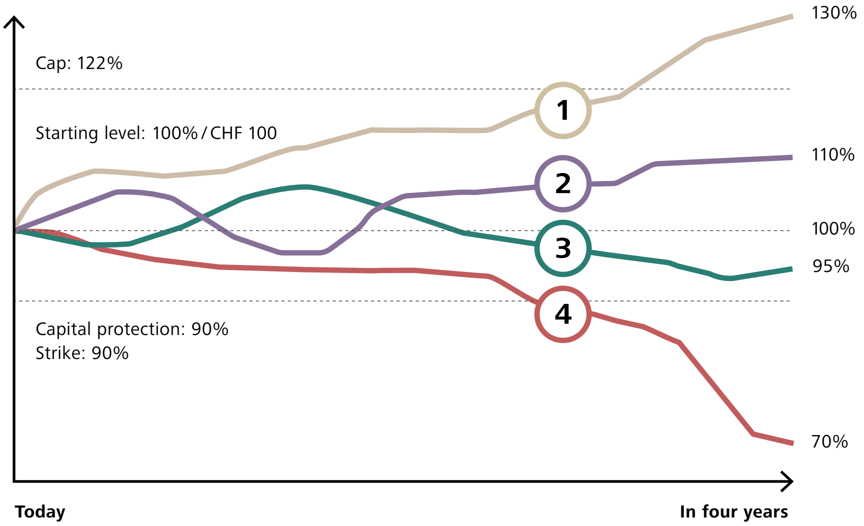
Features

- At maturity, the investor will receive at least the amount of the capital protection
- Capital protection is expressed as a percentage of the nominal value (e.g. 100%)
- Capital protection only refers to the nominal value and not the purchase price
- The value of the product may fall below the capital protection during the term
- Participation in the price increase of the underlying from the strike price

Market Expectations

- Increasing underlying
- Increasing volatility
- Large price setbacks of the underlying possible

Repayment Scenarios at Maturity



Background

The investor invests CHF 100,000 in a capital protection certificate with a four-year term, capital protection of 90%. The participation rate in the underlying amounts to 100%, limited at 122% (cap). The strike price amounts to 90%. The underlying is «equity A» and fixed at a price of CHF 100.

1

The underlying closes 30% above the starting level at maturity.

Repayment:
CHF 122,000 (122% corresponding to the cap = maximum return). A direct investment would have been more profitable (+30% versus +22%).

2

The underlying closes 10% above the starting level at maturity.

Repayment:
CHF 110,000 (110%).
A direct investment would have given the same result (+10% versus +10%).

3

The underlying closes 5% below the starting level at maturity.

Repayment:
CHF 95,000 (95%).
A direct investment would have given the same result (-5% versus -5%).

4

The underlying closes 30% below the starting level at maturity.

Repayment:
CHF 90,000 (90% corresponding to the capital protection level = maximum loss). A direct investment would have resulted in a larger loss (-30% versus -10%).

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Redemption Table at Maturity

Product example	**Capital Protection with Participation**
Underlying	Equity A
Currency	CHF
Term	4 years
Capital protection level	90%
Strike	90%
Cap	122%
Participation	100%

Final value of underlying	**Final value of capital protection certificate**
150%	122%
140%	122%
130%	122%
120%	120%
110%	110%
100%	100%
95%	95%
90%	90%
80%	90%
70%	90%
60%	90%
50%	90%

Note: The above example only applies as long as the strike price lies at the same level as the capital protection.