

Factsheet

Barrier Reverse Convertible

Product Description and Functionality

Barrier Reverse Convertibles (BRCs) are based on one or more underlyings and pay a guaranteed coupon during their term. At maturity, the nominal value is paid back in full as long as none of the underlyings quoted on or below the defined barrier at maturity (European barrier) or during the entire term (American barrier). If a barrier has been touched and at least one of the underlyings is quoted below the strike price at maturity, the capital is converted into the predetermined number of shares of the worst performing underlying (conversion ratio).

Softcall and Autocall

Definition of Softcall: If a Barrier Reverse Convertible comes with a Softcall function, the issuer of the product is able to, but does not have to, early redeem the nominal value (in full) plus a pro rata coupon on predetermined observation dates.

Definition of Autocall: If a Barrier Reverse Convertible comes with an Autocall function, the issuer of the product is obliged to early redeem the nominal value (in full) including a pro rata coupon on predetermined observation dates, provided the underlyings close above the predefined Autocall trigger.

Advantages

- The coupon is fixed and is paid out independently of the performance of the underlyings
- If the underlyings are quoted above the barrier, no losses will occur (buffer)

Risks

- Issuer risk
- No guaranteed capital protection
- The maximum yield is limited to the coupon and no dividends are paid out



Features

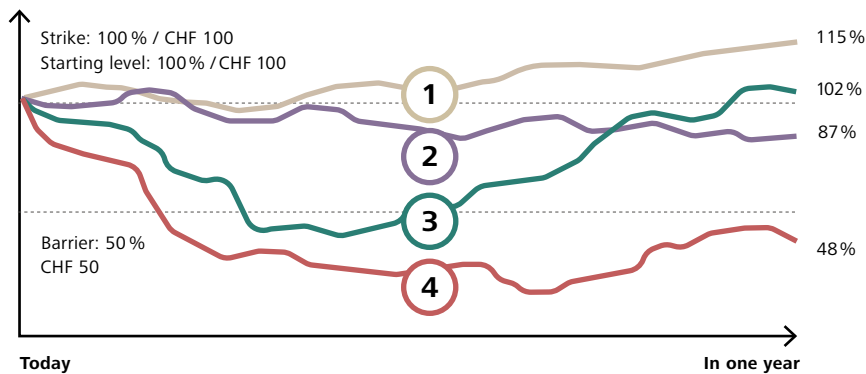
- The coupon is paid out independently of the performance of the underlying
- Multiple underlyings ("worst-of") allow for higher coupons or lower barriers, but come with a higher level of risk
- Maximum earnings are limited (Coupons)



Market Expectations

- Sideways-trending or slightly rising underlying
- Declining volatility
- The underlying will not touch or fall below the barrier during the term

Repayment Scenarios at Maturity



Background

The investor invests CHF 100,000 in a BRC with a term of one year, an American barrier of 50% and a coupon of 8%. The underlying is "equity A" and fixed at a price of CHF 100.

1

The underlying does not touch the barrier and closes 15% above the strike at maturity.

Repayment:

CHF 108,000 (nominal + coupon). A direct investment would have been more profitable (+15% versus +8% coupon).

2

The underlying does not touch the barrier and closes 13% below the strike at maturity.

Repayment:

CHF 108,000 (nominal + coupon). The investment in the BRC is more profitable (+8% versus -13%).

3

The underlying touches the barrier but closes above the strike at 102% (= CHF 102) at maturity.

Repayment:

CHF 108,000 (nominal + coupon). The investment in the BRC is more profitable (+8% versus +2%).

4

The underlying touches the barrier and closes below the strike at 48% (= CHF 48) at maturity.

Repayment:

48% of the nominal (CHF 48,000 + coupon = CHF 56,000). The equivalent value of the nominal is paid out in shares. The investment in the BRC resulted in a lower loss compared to a direct investment.

Barrier Types

European: Monitoring only at maturity

Daily on Close: Daily monitoring of the closing price

American: Continuous monitoring

Raiffeisen Structured Products Stand for:



Swissness



Security



Service quality



Product innovation

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Redemption Table at Maturity

Product example	Barrier Reverse Convertible
Underlying	Equity A
Currency	CHF
Term	1 year
Strike	100 %
Barrier	50 % (American)
Coupon	8 % p.a.

Final value of underlying	Final value of product if barrier not touched*	Final value of product if barrier touched*
120 %	100 %	100 %
110 %	100 %	100 %
100 %	100 %	Delivery of equities (value 100 %)
90 %	100 %	Delivery of equities (value 90 %)
80 %	100 %	Delivery of equities (value 80 %)
70 %	100 %	Delivery of equities (value 70 %)
60 %	100 %	Delivery of equities (value 60 %)
50 %	–	Delivery of equities (value 50 %)
40 %	–	Delivery of equities (value 40 %)
30 %	–	Delivery of equities (value 30 %)
20 %	–	Delivery of equities (value 20 %)
10 %	–	Delivery of equities (value 10 %)
0 %	–	Delivery of equities (value 0 %)

* Plus coupon

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