

Yield enhancement strategy "Pricing Power - Financial Basket"

a 18 months opportunity - Leverage: 3x

Strategy Summary

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Level of Risk	Time Horizon	Upside Opportunity	Asset Type	Coupons	Currency

Your benefits:

- ▶ **Conditional capital guarantee:** Up to 33 %
- ▶ **Issue Price:** 31.00%
- ▶ **Redemption:** 33%
- ▶ **Upside opportunity:** USD
- ▶ **Maturity:** 18 months
- ▶ **Currency:** EUR
- ▶ **Underlying Companies:** Mastercard, PayPal, and Visa
- ▶ **Reimbursement Triggers:** First observation after 6 months at 97.5 %, thereafter: Q3: 92.5; Q4: 87.5%, Q5: 80, Q6: 75%
- ▶ **Coupon Features:** Conditional
- ▶ **Coupon Barrier:** Coupon barrier fix at 67%. If each stock is at or above coupon barrier, coupon is paid; otherwise it is pushed forward and paid at next observation, provided conditions are met.
- ▶ **Payout at Maturity:**
 - If each stock is at or above the barrier, the client is redeemed at 33%
 - Else the client gets Wof performance – 67% (minimum redemption at 0%)
- ▶ **Valuation:** Bid/Ask live Intraday

Investment Opportunity

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A focused approach

Record high inflation is the concern for many of us and most of the companies will not be able to pass-on to consumers the price increases. Yet, there are a number of companies, that can, whatever the market conditions are, pass on to consumers higher input prices.

UBS analysts focus on a selection of companies from Europe and the US with the highest pricing power. The stocks are grouped and optimized into sectors/themes below. Profitable unique selling propositions combined with downward corrected share prices result in interesting entry opportunities.

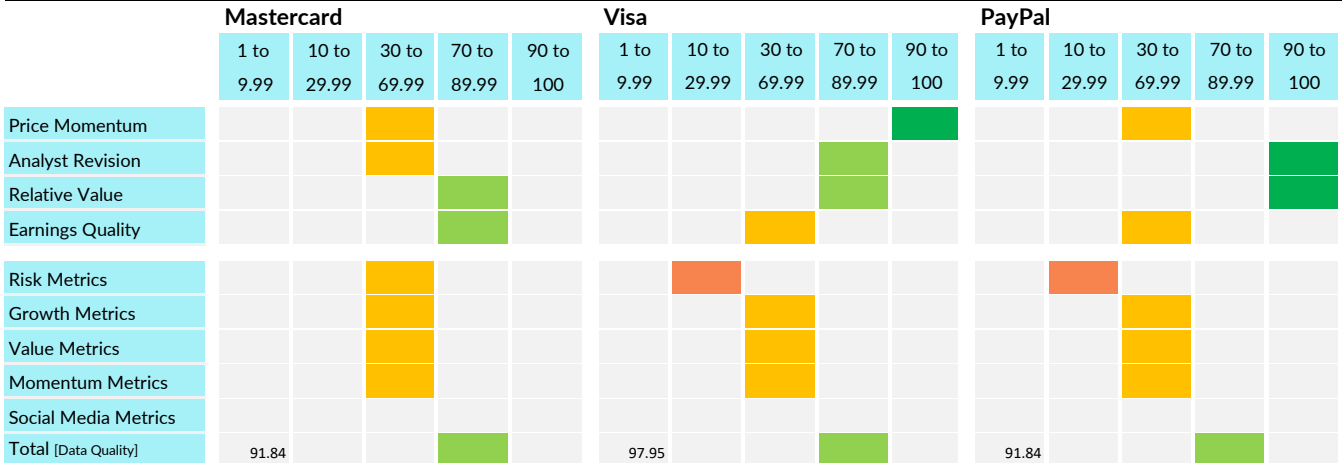
Payment companies are business enablers and benefit, in general, from increasing sales volumes and we therefore consider them to be part of the bright investment spot.

Looking ahead: For now, the general consensus is that an economic downturn is more likely to begin sometime in 2023 -- which may explain why traders have punished stock prices in recent months. In general, market behavior foreshadows an event six months in advance. Given this, we believe that the market is about ready to bottom-out and this strategy is moderate for risk seekers.

Company view:

- ▶ **Mastercard:** MA, along with Visa and PayPal, remains one of our top picks in Payments, given its long-term secular growth story. Fundamentals at MA are very healthy and earnings growth and profitability should benefit from increased consumer spending, back on healthy consumer sentiment and higher wages.
- ▶ **Visa:** Visa is well-positioned to capitalize on the ongoing secular shift in payments from checks and cash to plastic and digital. Visa's volume growth should also benefit from expanding merchant adoption, growing mobile usage, and greater prepaid and commercial activity.
- ▶ **Paypal:** PYPL occupies a superior market position as a digital and mobile merchant acquirer with strong mobile wallet, gateway, P2P payments, and ACH money transfer capability. We believe it has strong market share upside potential.

Heatmaps



Mastercard operates as a technology company. The firm engages in the payments industry that connects consumers, financial institutions, merchants, governments and business. It offers payment solutions for the development and implementation of credit, debit, prepaid, commercial and payment programs.

Visa Inc. (Visa) is a payments technology company that provides digital payments across more than 200 countries and territories. The Company connects consumers, merchants, financial institutions, businesses, strategic partners and government entities to electronic payments.

PayPal Holdings Inc (PayPal) is a technology platform and digital payments company. It provides technology and payment solutions that facilitate mobile, in-app, and online payments for merchants and consumers.

12-months price probability analysis

TP	-10%	-20%	-30%	-35%	TP	-10%	-20%	-30%	-35%	TP	-10%	-20%	-30%	-35%
36%	37%	33%	25%	21%	44%	25%	22%	11%	7%	19%	48%	37%	28%	23%

Guidance

Pay-out diagram (plus eventual coupons payment) based on issue price of 31%

Worst-Performer	100%	90%	80%	70%	67%	60%	50%	40%	30%	20%	10%	0%
Redemption	33%	33%	33%	33%	33%	23%	15%	8%	0%	0%	0%	0%

Characteristics

Nam Name	Payment Basket II
Issuing Bank	Leonteq Zuerich AG
ISIN Number	to be announced
Duration:	Maximum 18 months, early redemption mechanism applies
Management Fee	1 % on the invested capital
Type of investment	Yield enhancement
Issue size:	USD 100K, min denomination USD 1K
Risk scale	

Risk

- Capital is not protected below barrier or if the issuer or guarantor fails
- Gain is limited to the coupon payment
- The investor will not receive dividend payments from the underlying

Product Launch

- Launch subject to investment conditions fixed by the issuer and amount raised.

Disclaimer

Past performance is no guarantee of future returns.

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