Index Guide for
12X Long Index linked to Dow Jones Industrial Average

ISIN CH0260792475

This Index Guide describes the composition and calculation of the Factor Index specified below. The Index Calculation Agent makes the Index Guide available on the Information Page. The Index Guide constitutes the basis for calculating and publishing the Factor Index.

Index Name: 12X Long Index linked to Dow Jones Industrial Average (the "Factor Index")
Reference Instrument: Dow Jones Industrial Average
Index Calculation Agent: Bank Vontobel AG, Gotthardstrasse 43, 8002 Zürich, Switzerland
Information Page: https://indices.vontobel.com
Identifier: ISIN: CH0260792475 / WKN: A13RK5 / Valor: 26079247

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The Index Calculation Agent will perform the calculation and composition of the Factor Index with the utmost care. However, the Index Calculation Agent does not guarantee that the calculation of the indices or of any other parameters required for the composition and calculation, as in accordance with this Index Guide, will be free from error.

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The original version of the Index Guide is in German; foreign-language versions constitute non-binding translations.

The composition and calculation of the Factor Index specified above is described in the following. The Index Calculation Agent will make an index guide available on the Information Page for each Factor Index, containing this description together with the stipulations in the Final Terms. The index guide constitutes the basis for calculating and publishing the Factor Index.
A) INDEX DESCRIPTION

The Factor Index reflects price movements in the Reference Instrument with a leverage factor of 12. An increase in the price of the Reference Instrument since the most recent calculation of an Index Closing Value results in a positive change in the Factor Index as compared to the previous price of the Factor Index and vice versa. The Factor Index therefore replicates a "long" strategy.

The Factor Index consists of a leverage component and a financing component.

Leverage component

The leverage component tracks an investment in the Reference Instrument (or its constituents and in accordance with its rules and regulations), whereby movements in the price of the Reference Instrument are multiplied by the Leverage (Factor). This leverage effect occurs with either positive or negative movements in the price of the Reference Instrument, having a disproportionate effect on the value of the Factor Index.

For example (leaving aside the financing component):
1. An increase in the price of the Reference Instrument (as compared to the most recent Valuation Price of the Reference Instrument) by 2% results in an increase in the in the Factor Index by 12 x 2%;
2. A decrease in the price of the Reference Instrument (as compared to the most recent Valuation Price of the Reference Instrument) by 2% results in a decrease in the Factor Index by 12 x 2%;

Financing component

The financing component tracks the capital costs that would be incurred to finance the corresponding investment in the Reference Instrument (or constituents thereof). Additionally, a fee charged by the Index Calculation Agent for the calculation and administration of the Factor Index is added (Index Fee).

The financing component therefore reduces the value of the Factor Index.

B) INDEX DEFINITIONS

The definitions below shall apply for the purposes of this index description:

"Adjustment Date" means the first Index Calculation Day of each calendar month.

"Extraordinary Adjustment Event" means any of the following events as they relate to the Reference Instrument:

(a) Change, adjustment or other measure affecting the relevant concept and the calculation of the Reference Instrument, resulting, in the reasonable discretion of the Index Calculation Agent, in the relevant concept or the relevant calculation of the Reference Instrument no longer being comparable to those applicable on the Index Start Date. These factors are no longer comparable if, in particular, a change, adjustment or other measure results in a material change in the Reference Instrument despite the fact that the prices of the individual securities included in the Reference Instrument and their weightings remain the same;

(b) Cancellation of the Reference Instrument and/or replacement by a different index concept; or

(c) any other event which in the reasonable discretion of the Index Calculation Agent would have a comparable or similar impact on the calculation of the Factor Index in the event that no adjustment were to be made.

"Index Base Amount" means 0.00001

"Valuation Price" of the Reference Instrument for an Index Calculation Day means – subject to an Extraordinary Adjustment to the calculation of the index in accordance with section D) – the closing price of the Reference Instrument, as determined and published for that day by the Reference Exchange.

If an Index Calculation Day falls on a day which is not a Trading Day, the Valuation Price of the immediately preceding Index Calculation Day shall continue to apply. If no Valuation Price for the Reference Instrument is determined or published on a Trading Day, the Index Calculation Agent shall determine the Valuation Price of the Reference Instrument for that day on the basis of the most recent prices set for the Reference Instrument at its due discretion.

"Dividend Method" is either individual or smoothed (as described below).

In case of the "individual" Dividend Method the distributions of the constituents of the Reference Instrument are included in the index calculation individually. The relevant "Dividend" for the index calculation pursuant to section C) corresponds to the dividend of the company, exclusive of which a constituent of the Reference Instrument is traded on the Ex-Dividend Date on the Trading Facility which is – according to the Reference Exchange's concept – relevant for the calculation of the Reference Instrument ("Trading Facility"). For this purpose, the Index Calculation Agent takes into account the weighting of the respective constituent in the Reference Instrument. "Ex-Dividend Date" means the Index
The Index Calculation Agent may adjust such Dividend in its reasonable discretion on any Index Calculation Day, particularly in the event of alternating dividend expectations.

On the Index Start Date the Individual Dividend Method is applicable. The Index Calculation Agent is entitled to change the Dividend Method on each Adjustment Date. The revised Dividend Method shall take effect immediately as from the relevant Adjustment Date. A change in the Dividend Method shall be published by the Index Calculation Agent in accordance with section E).

"Dividend Tax Factor" means 1.0 on the Index Start Date. The Index Calculation Agent may change the Dividend Tax Factor at its due discretion on any Index Calculation Day with prospective effect if the relevant tax law applicable to the Index Calculation Agent changes, resulting in a change in the amount of the – after tax – Dividend virtually accruing to it.

"Financing Spread" represents (in the form of a premium over the relevant Interest Rate) the financing costs which may be incurred if the long strategy tracked by the Factor Index is financed with debt.

The Financing Spread on the Index Start Date corresponds to the Initial Financing Spread. The Index Calculation Agent then adjusts the "Current Financing Spread" in its due discretion on each Adjustment Date to reflect current market conditions and publishes it in accordance with section D) of this index description. The adjusted Financing Spread shall apply immediately as from the relevant Adjustment Date.

"Initial Financing Spread" means 0.10% per annum.

"Trading Day" means every day on which the Reference Instrument is calculated by the Reference Exchange.

"Leverage" means 12. It describes the impact that a change in the price of the Reference Instrument has on the relevant Factor Index.

"Index Calculation Agent" means Bank Vontobel AG, Gotthardstrasse 43, 8002 Zurich, Switzerland.

"Index Calculation Day" means every day from Monday to Friday.

"Index Fee" means 1.0% per annum. The Index Fee is charged each calendar day, beginning as of the Index Start Date. It is calculated on the basis of a 360-day year and the most recently calculated Index Closing Value.

"Index Closing Value" is calculated for each Index Calculation Day by the Index Calculation Agent in accordance with section C) 1) of this index description on the basis of the Valuation Price of the Reference Instrument for this Index Calculation Day and published in accordance with section E) of this index description.

"Index Start Date" means 17 November 2014.

"Index Start Value" means 100 index points and represents the Index Closing Value on Index Calculation Day T=0 for the purposes of calculating the index in accordance with C).

"Index Currency" means USD.


"Reference Instrument Price" corresponds at any time during the calculation period of the Reference Instrument to the price of the Reference Instrument, as calculated by the Reference Exchange and determined by the Index Calculation Agent.

"Reference Exchange" means S&P Dow Jones Indices LLC.

"Reference Instrument" means Dow Jones Industrial Average.

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<th>Type:</th>
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<tr>
<td>Currency:</td>
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</tr>
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"Barrier" means 7%. It indicates the maximum permitted negative change in price of the Reference Instrument compared with its most recent Valuation Price before an Intraday Index Adjustment takes place.
"Derivatives Exchange" means Chicago Board Options Exchange.

"Interest Rate" means USD LIBOR O/N (overnight).

LIBOR stands for London InterBank Offered Rate. LIBOR is an average interest rate based on information submitted by the contributing banks. The panel banks indicate the interest rates at which they are able to refinance their own interbank activities in the relevant currency for the relevant term on an unsecured basis. To calculate the reference interest rate, the highest and lowest quartiles of these interest rates are eliminated, and the remaining interest rates are averaged. LIBOR is calculated for 7 different terms and 5 different currencies. The LIBOR interest rates (ICE Libor) are administered by ICE Benchmark Administration Limited (IBA) and determined each business day at 11 a.m. (London time). LIBOR O/N (overnight) stands for terms of 1 day.

If the Interest Rate is neither set nor published on an Index Calculation Day, the Interest Rate applied on the immediately preceding Index Calculation Day, the Interest Rate applied on the immediately preceding Index Calculation Day is used to calculate the Index in accordance with section C).

If the Interest Rate has neither been set nor published for ten consecutive Index Calculation Days or the Interest Rate will cease to exist, the Index Calculation Agent has the right and obligation to stipulate in its reasonable discretion an alternative relevant Interest Rate which has functions comparable to the previous Interest Rate.

C) INDEX CALCULATION

The Factor Index shall be calculated for the first time on the Index Start Date. The initial level of the Index on the Index Start Date corresponds to the Index Start Value. The respective current index level is calculated by the Index Calculation Agent on a continuous basis during the trading period of the Reference Instrument on the Reference Exchange on each Index Calculation Day, rounded to two decimal places and published in accordance with section E).

One index point corresponds to one unit of the Index Currency.

C) 1) Index Formula

The Factor Index is calculated for each time t during an Index Calculation Day T in accordance with the following formula, whereby the value of the factor index cannot fall below the Index Base Amount:

\[
IDX_t = \text{max}\left\{ \text{BB} ; IDX_{T-1} \cdot \left( 1 + L \cdot \frac{R_t + divf \cdot div}{R_{T-1}} - 1 \right) - \left( L - 1 \right) \cdot \left( IR_{T-1} + FST \right) + IG \right\} \cdot \frac{d}{360}
\]

where:

- \( T \): current Index Calculation Day
- \( IDX_t \): Index Value at time t on Index Calculation Day T
- \( IDX_{T-1} \): Index Closing Value on Index Calculation Day T-1 which immediately precedes the current Index Calculation Day
- \( L \): Leverage (Factor): 12
- \( R_t \): Reference Instrument Price at time t
- \( R_{T-1} \): Valuation Price on Index Calculation Day T-1
- \( divf \): Dividend Tax Factor
- \( div \): Dividend on Index Calculation Day T. This amount is 0, except on the Ex-Dividend Date.
- \( IR_{T-1} \): Interest Rate on Index Calculation Day T-1
- \( FST \): Financing Spread on Index Calculation Day T
- \( IG \): Index Fee
- \( d \): Number of calendar days between Index Calculation Days T-1 and T
- \( IBA \): Index Base Amount
C) 2) Intraday Index Adjustment

If at time s on Index Calculation Day T the Reference Instrument Price (plus any Dividend multiplied by the Dividend Tax Factor: Rs + divf x div) falls below the most recent Valuation Price of the Reference Instrument by more than 7% (Barrier), an *Intraday Index Adjustment* takes place, simulating a new day:

\[ s = T, \text{ i.e. } IDX_{T-1} \text{ (new)} = IDX_s \]
\[ R_{T-1} \text{ (new)} = R_{T-1} \text{ (old)} \times 0.93 - \text{div} \times \text{div} \]
\[ d = 0 \]

A new Valuation Price valid after time s (R_{T-1} \text{ (new)}) is calculated by multiplying the previous Valuation Price (R_{T-1} \text{ (old)}) by 0.93.

In addition, the net dividend shall be deducted (in case of the individual Dividend Method only if the Index Calculation Day T is an Ex-Dividend Date). Dividend and Dividend Tax Factor shall not be considered in the index calculation in section C) 1) on such simulated Index Calculation Day.

The financing component remains unchanged. No additional costs are incurred for the newly simulated day.

D) EXTRAORDINARY ADJUSTMENT OF THE INDEX CALCULATION

In the event of an Extraordinary Adjustment Event occurring in relation to the Reference Instrument, the Index Calculation Agent will adjust the index calculation on the Reference Date (as defined below). The Index Calculation Agent will – to the extent possible – endeavour to calculate the leverage component as if no Extraordinary Adjustment Event had occurred.

The Index Calculation Agent will generally adjust the index calculation by correcting in its due discretion the relevant Valuation Price for the Reference Instrument on Index Calculation Day T-1 on the Reference Date, in order to factor into the index calculation the adjustments made on the Derivatives Exchange for futures and options linked to the Reference Instrument traded there.

The Index Calculation Agent may adjust the index calculation in some other manner if it deems such adjustment necessary in its due discretion in order to reflect differences between this Index and the futures and options traded on the Derivatives Exchange. Such adjustments may in particular relate to the stipulation of a different Reference Exchange, Derivatives Exchange or Reference Instrument Price.

The list of Extraordinary Adjustment Events listed in section B) is not exhaustive. The deciding factor is whether the Derivatives Exchange deems an adjustment of the contract size, an underlying or the involvement of relevant Reference Exchange determining the price of the Reference Instrument to be necessary. If neither futures nor options linked to the Reference Instrument are traded on the Derivatives Exchange, the adjustment shall be made in a manner in which the Derivatives Exchange would do so if corresponding futures or options were traded there. In cases of doubt about the application of the adjustment rules of the Derivatives Exchange, the Index Calculation Agent shall decide such questions in its reasonable discretion. The rules and regulations of the Derivatives Exchange shall apply in addition to the provisions set out above.

If the Reference Instrument (Index) is cancelled or replaced by a different index concept, or if the license agreement between the Reference Exchange and the Index Calculation Agent cannot be renewed, the Index Calculation Agent determines – where appropriate by applying an adjusted Reference Instrument Price for the Reference Instrument at time t (R_t) – whether and which different index concept will be used in the future as a basis for calculating the Factor Index.

If the Reference Instrument is no longer calculated and determined and/or published by the Reference Exchange but by another person, company or institution that the Index Calculation Agent in its reasonable discretion considers to be suitable (“Substitute Reference Exchange”), then the Factor Index shall be calculated where applicable on the basis of the Reference Instrument calculated and published by the Substitute Reference Exchange. All references to the Reference Exchange contained in this index description shall be deemed to refer analogously to the Substitute Reference Exchange.

If in the reasonable discretion of the Index Calculation Agent it is not possible, for whatever reason, to stipulate a different relevant index concept, the leverage component shall remain unchanged and the index level shall be determined solely on the basis of the remaining components of the index formula.

"Reference Date" within the meaning of this index description means the first Index Calculation Day, on which the relevant futures or options are traded on the Derivatives Exchange after taking the adjustment into account, or would be so traded if corresponding futures or options were traded on the Derivatives Exchange.

Adjustments relating to the Factor Index and all other measures taken under this section will be published by the Index Calculation Agent in accordance with section E).

E) NOTICES

All notices pertaining to the Factor Index will be published on the Information Page. Such notices shall be deemed to have been given on the date on which they are first published.
Notices are made for informational purposes only and do not represent a precondition for legal effectiveness.