

# Tracker Certificate

Underlying basket: Emerging Markets Best Opportunities

Maturity: Open-ended

**The Product does not represent a participation in any of the collective investment schemes pursuant to article 7 et seq. of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this Product are not eligible for the specific investor protection under the CISA. Moreover, investors in this Product bear the issuer risk.**

## Termsheet summary

Issuer	Banque Cantonale Vaudoise, Lausanne, Switzerland (S&P AA/stable)
Investment Manager	Piguet Galland & Cie, SA
SSPA category	Participation product – Tracker Certificate (1300), according to the Swiss Derivative Map available at <a href="http://www.svsp-verband.ch">www.svsp-verband.ch</a> .
Underlying asset	Basket “Emerging Markets Best Opportunities”
Sec. No. / ISIN / Symbol	25 576 605 / CH0255766054 / No listing planned
Management method	Discretionary and Dynamic
Base currency	USD
Settlement Type	Cash
Initial fixing date	6 November 2014
Effective termination date/ Final fixing date	Open-ended
Offer	Public offer in Switzerland. This product is not listed.
Secondary market	<b>Subject to the investment restrictions</b> , trading in the Certificate takes place once a day. Orders placed before 11am (on day T) will be processed starting at 11am, as the various markets open (Europe and the USA on day T, Asia and Oceania on day T+1). Orders placed after 11am will be processed the following day in accordance with the same procedure.



## 1. PRODUCT DESCRIPTION

### Details

Sec. No. / ISIN / Symbol	25 576 605 / CH0255766054 / No listing planned
Issuer	Banque Cantonale Vaudoise, Lausanne, Switzerland (S&P AA/stable/A-1+)
Lead manager / Calculation agent / Paying agent	Banque Cantonale Vaudoise, Lausanne
Prudential supervision	BCV, Lausanne, Switzerland is subject to prudential supervision by the Swiss Financial Market Supervisory Authority (FINMA).
Investment Manager	Piguet Galland & Cie, SA
Underlying asset	Basket "Emerging Markets Best Opportunities"
Certificates per basket	1 certificate = 1 basket
Issue size	60 000 certificates (includes an increase and reopening clause)
Issue price	USD 100
Reference price	USD 99.50
Issue fee	USD 0.50
Initial fixing date	6 November 2014
Payment date	14 November 2014
Effective termination date/ Final fixing date	Open-ended
Redemption date	The 6 <sup>th</sup> business day following the termination date set by either the investor or the Issuer (barring extraordinary market situations and emergencies).

### How the Certificate works

Product description	This Tracker Certificate, denominated in USD, is composed of a selection of at least 5 underlying securities such as shares and/or ETFs, as well as a cash component (see the definition below). Forward exchange contracts can be used to hedge against exchange-rate risk. The selection reflects the Investment Manager's investment strategy.
Definition of the cash component	The cash component is an integral part of the Certificate's underlying basket. The following currencies may be represented: USD. The cash component does not pay out interest, but it could generate negative interest.
SSPA category	Participation product – Tracker Certificate (1300), according to the Swiss Derivative Map available at <a href="http://www.svsp-verband.ch">www.svsp-verband.ch</a> .



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Management fees	1.00% p.a. (0.65% p.a. for the Issuer and 0.35% p.a. for the Investment Manager) to be deducted on a pro rata basis from the cash component. If the amount available in the cash component is insufficient to cover the management fee, the weightings of the securities will be adjusted in order to cover this fee. Adjusting the weighting of a security, either up or down, counts as a rebalancing.
Transaction costs at rebalancing	0.10% by rebalancing calculated on the nominal rebalanced (including currency swap transactions).
Stock-exchange fees and duties	When the underlying stocks are traded on an exchange that levies fees, transaction fees, and/or duties for purchase and sale transactions, these fees and/or duties will be factored into the execution prices and will thereby affect the Certificate's return. These fees and/or duties could include a federal stamp duty or financial transaction tax.
Transparency on fees on underlying assets	Some securities in the basket may be subject to fees, such as sales and marketing commissions on funds or structured products. These fees are detailed in the corresponding securities' prospectus, simplified prospectus, KIID, and/or fund agreement.
Commissions on underlying assets	Any retrocessions that the Investment Manager receives from investment funds, structured products, or other investments will be reinvested in the Certificate (after converting into USD) and held in the cash component. These retrocessions may carry a risk of non-payment, which will be borne exclusively by investors. The Issuer is not responsible for mitigating this risk.
Roles and responsibilities	<p>The Investment Manager decides on the securities making up the basket, the weighting of the securities and the size of the cash component, in accordance with the investment universe and rules (see below).</p> <p>The Certificate's performance therefore depends on the quality of the Investment Manager's investment decisions. The Investment Manager takes full responsibility for the composition of the basket and its impact on the Tracker Certificate's performance.</p> <p>The Issuer shall execute the buy and/or sell orders necessary to issue or rebalance the Certificate on a best effort basis.</p>
Investment universe	<p>The securities that make up the basket may belong to the following asset classes: Shares or ETFs on equities covering the following regions: Africa, Middle East, Asia (excl. Japan), Central and Latin America, Eastern Europe &amp; CIS (including Greece, Turkey, Russia, Ukraine, and Kazakhstan).</p> <p>The securities must be traded on SIX Swiss Exchange or a foreign exchange recognized as having equivalent regulation.</p>
Management rules	<ol style="list-style-type: none"> <li>1. The Investment Manager may rebalance the basket at any time but not more than 24 times per year.</li> <li>2. The basket shall contain at least 5 securities but no more than 50.</li> <li>3. Securities included in the basket must be denominated in USD, EUR, GBP, HKD, KRW, TWD, SGD, THB ou MYR.</li> <li>4. Forward foreign exchange contracts (standard maturity: 3 months) may sometimes be used during the lifetime of the Certificate to hedge against exchange-rate risk except for KRW, TWD, THB and MYR according to the instructions of the Investment Manager.</li> <li>5. The cash position may not exceed 20% of the total invested nominal value during each rebalancing</li> <li>6. The weighting of collective investment (such as an ETF) not authorized for distribution in Switzerland, or reserved for qualified investors, must not exceed 1/3 of the overall value of the Certificate at each rebalancing.</li> <li>7. During the Certificate's lifetime, any distributions and dividends (net of any taxes and fees) will be held in the cash component; any distributions and dividends denominated in other currencies than USD (net of any taxes and fees) will be converted into USD (using the ECB reference exchange rate on the dividend payment date) and will also be held in the cash component.</li> <li>8. No leveraged positions (i.e., other than 100% participation in the performance of the security) or short positions (i.e., short selling) are allowed in the basket. However, certain ETFs in the basket may replicate a short-sale strategy or create a leveraged position.</li> </ol>



Investment restrictions

If a security cannot be traded for liquidity reasons or if it is impossible to execute a transaction for technical reasons, it may take the Issuer several business days to implement the Investment Manager's investment decisions. Based on these factors only, no guarantee can be made as to whether investment decisions will be implemented on the same day that instructions are received.

The Issuer reserves the right to refuse to execute a buy order if the security in question is subject to an investment restriction. Securities with an investment restriction include companies that represent a reputational risk for the Issuer, companies that are not in keeping with the Issuer's code of conduct (for instance, the Issuer does not currently invest in any company involved in cluster munitions), and companies that may be subject to an embargo or specific sanctions.

If a selected security no longer complies with the investment restrictions set by the Issuer, the security must be replaced at the next rebalancing.

Basket composition

**The current composition of the basket is on the last page of this document.**

## Product terms and conditions

Liquidity

**Subject to the investment restrictions**, trading in the Certificate takes place once a day. Orders placed before 11am (on day T) will be processed starting at 11am, as the various markets open (Europe and the USA on day T, Asia and Oceania on day T+1). Orders placed after 11am will be processed the following day in accordance with the same procedure.

Certificate redemption

The amount redeemed in USD is calculated by multiplying the average sale price for each security by its quantity in the basket, and then adding together the resulting figures converted into USD together with any funds from the final unwinding of the forward exchange contract. The formula applied is as follows:

$$\sum_{i=1}^N n_i \times P_i \times X_i + C + \sum_{k=1}^T F_k$$

*where  $P_i$  is the average sale price of security  $i$  at the final fixing on the reference exchange*

*$n_i$  is the quantity of security  $i$  in the basket at the final fixing*

*$X_i$  is the exchange rate between the currency of the security  $i$  and the currency of the Tracker Certificate at the final fixing*

*$N$  is the total number of securities in the basket*

*$C$  is the amount of the cash component per Tracker Certificate*

*$F_k$  is the value of the forward exchange contract  $k$  in the currency of the Tracker Certificate*

*$T$  is the total number of forward exchange contracts*

Stop loss

As the result of forward exchange contracts can, in theory, be negative, the product would be immediately cancelled if its liquidation value were to reach USD 25. Early redemption will be carried out as detailed above based on the prices following initiation of the Stop Loss procedure, with transaction fees deducted.

Liquidity risk at the moment of redemption

If daily liquidity strongly influences the sale of the component stocks of the Certificate, the issuer reserves the right to place sale orders over several days in order to prevent repercussions on the redemption price of the Certificate.

Issuer's right of termination

The Issuer has the right to terminate all Tracker Certificates in circulation at any time, but no earlier than 9 months after the issue date. The termination must be announced at least 1 month prior to the effective termination date. The redemption amount will be calculated on the effective termination date. If during the product's lifetime the Certificate's price drops to 25% or below, the Issuer may also immediately terminate the Tracker Certificates without prior notice. The effective termination date shall be announced as soon as possible.

Investor's right of termination

Investors may sell their Tracker Certificates on the secondary market. They also have the right to terminate any or all of the Certificates they hold provided that the Issuer has not already exercised its right of termination. The investor may do so once per quarter, on the last Tuesday of the quarter, but no earlier than 9 months after the issue date. The notice of termination must be sent to the calculation agent at least 1 month before the effective termination date, in line with the termination procedure set out below. The redemption amount will be calculated on the effective termination date.



## Termination procedure for investors

For the investor's termination to be valid, the Issuer must not have already exercised its right of termination, and the termination notice must be received by the calculation agent at least 1 month before the effective termination date. This notice may be made via mail or email to the addresses provided under "Contact information: product redemption."

The investor's custodian bank must include the following information in its message to the calculation agent:

- name, address and clearing number
- the Tracker Certificate's security number
- the number of Tracker Certificates involved
- the effective termination date (must be at least 1 month after the notice is received by the Issuer)

The calculation agent will confirm the termination to the investor's custodian bank, specifying in particular the effective termination date.

## Secondary market, Listing and Clearing

### Listing, market segment

No listing on the SIX Swiss Exchange.

### Secondary market

Bloomberg, SIX Telekurs 25576606, BCV (the price is calculated once per business day).

### Liquidity

**Subject to the investment restrictions**, trading in the Certificate takes place once a day. Orders placed before 11am (on day T) will be processed starting at 11am, as the various markets open (Europe and the USA on day T, Asia and Oceania on day T+1). Orders placed after 11am will be processed the following day in accordance with the same procedure.

Trading on the secondary market may be suspended if the basket is being rebalanced.

### Clearing Certification

SIX SIS SA

The security takes the form of a book-entry security registered in the SIX SIS SA clearing system. It is not certificated, and individual securities will therefore not be printed or delivered.

## Taxation

### Tax disclaimer

This tax information provides only a general overview of possible tax consequences related to this product on its issue date. Tax laws and practices can change with retroactive effect.

Investors should always consult their tax advisor for a specific evaluation of their profile before carrying out any transaction.

### Switzerland

For individuals whose tax domicile is in Switzerland and who hold these investments as part of their private assets, any gains resulting from the sale of Tracker Certificates are considered capital gains. Capital gains do not currently constitute taxable income.

The certificate is not subject to Swiss withholding tax, stamp duty at issue or Swiss federal stamp duty.

### US tax regulations

Any income that is generated by this product and considered a "dividend equivalent payment" within the meaning of Section 871(m) of the US Internal Revenue Code may be subject to a withholding tax, pursuant in particular to the Qualified Intermediary (QI) Agreement and Foreign Account Tax Compliance Act (FATCA). BCV shall levy the tax in accordance with the terms of the legislation, and all payments arising from this product will then be made to investors net of the withheld amount. Neither BCV, nor a paying agent, nor any other third party shall be required to refund the amounts withheld on interest payments, redemptions, or any other payments arising from this product, as a result of applying Section 871(m) of the Internal Revenue Code. Investors will therefore generate less income than they would have generated without such a deduction.



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## Legal information

Applicable law and jurisdiction

Lausanne, Swiss law

Product documentation

This document, the Termsheet contains the final terms for the Product.

The Termsheet together with the Base Prospectus for the Issuance of Securities, stipulated in English and as amended from time to time ("Base Prospectus") shall form the entire documentation for this Product ("Product Documentation"), and accordingly the Termsheet should always be read together with the Base Prospectus and any supplements thereto. Definitions used in the Termsheet, but not defined herein shall have the meaning given to them in the Base Prospectus.

The Product Documentation can be obtained free of charge from BCV - 276-1598, CP 300, 1001 Lausanne, Switzerland or via e-mail (structures@bcv.ch). The Product Documentation is also available at [www.bcv.ch/issues](http://www.bcv.ch/issues). Notices in connection with this Product shall be validly given by publication as described in the Base Prospectus. Furthermore, any changes with regard to the terms of this Product shall be published at [www.bcv.ch/issues](http://www.bcv.ch/issues).

Upon the replacement of the Base Prospectus by a successor version of the Base Prospectus the Termsheet (Final terms) are to be read together with the latest valid successor version of the Base Prospectus (each, a "Successor Base Prospectus") which has succeeded either (i) the Base Prospectus, or (ii) if one or more Successor Base Prospectuses to the Base Prospectus have already been published, the most recently published Successor Base Prospectus, and the term "Product Documentation" shall be interpreted accordingly.

The Issuer consents to the use of the Base Prospectus (including any Successor Base Prospectus) together with the relevant Termsheet in connection with a public offer of the Products by any financial intermediary that is authorised to make such offers.

Investment Manager

The Investment Manager is not an agent, representative or associate of BCV, BCV is not an agent, representative, associate or guarantor of the Investment Manager, and BCV cannot be held liable to any third party on the basis of the Investment Manager's activities.

## 2. PROFIT AND LOSS EXPECTATIONS

Market forecast

This Tracker Certificate is designed to take advantage of a rise in underlying security prices.

Potential profit

During the product's lifetime, holders of the Certificate can earn a profit if the product's market price is greater than its issue price. The potential return on the Certificate at the final fixing is comparable to the return on the underlying assets and directly depends on the quality of the investment decisions made by the Investment Manager.

Potential loss

A loss may be realized if the product is sold during its lifetime or if it is redeemed at less than the issue price at the final fixing.

If underlying securities are not denominated in the Certificate's reference currency, and if the Investment Manager decides to not fully hedge the exchange-rate risk, an unfavorable movement in exchange rates may decrease the price of the Certificate.

The Investment Manager assumes full responsibility for selecting the initial composition of the basket and for the subsequent rebalancings. The Issuer is not in any way responsible for the impact that these choices may have on the value of the Certificate or any losses that may affect investors.

Scenario

Basket Performance (net of product fees)	Redemption amount in USD (per Certificate)
25.00%	124.38
10.00%	109.45
0.00%	99.50
-5.00%	94.53
-10.00%	89.55
-25.00%	74.63



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### 3. SIGNIFICANT RISKS INCURRED BY THE INVESTOR

#### Risk tolerance

The risks are comparable to those of a direct investment in the underlying basket of securities: price movements, holding-period risk, price volatility, etc.

The risks inherent in certain investments, particularly derivatives, may not be suitable for all Investors. Before conducting any transaction, investors should evaluate their risk profile and seek information from their advisor on inherent risks, and are urged to read the Swissbanking brochure "Risks Involved in Trading Financial Instruments."

Issuer risk: Investors are exposed to the risk of insolvency of the Issuer, which could lead to a partial or total loss of the invested capital.

Whether an investment product retains its value does not depend solely on the performance of the underlying asset(s) but also on the solvency of the Issuer, which may change during the product's lifetime.

The rating stated in this document for the Issuer was valid at the time of issuance and may change during the product's lifetime.

#### Market liquidity

Under special market conditions, if the Issuer is unable to enter into hedging transactions, or if such transactions prove difficult, the spread between bid and ask prices may be temporarily expanded in order to limit the economic risks for the Issuer.

#### Market risk

Investors are exposed to the risks of underlying adjustment, non-convertibility, extraordinary market situations, and emergencies, such as the suspension of listing of the underlying, trading restrictions, and any other measures materially restricting the tradability of the underlying securities.

Investors are subject to the legal and contractual obligations of the markets on which the underlying is traded and on the markets that the Issuer designates or is subject to. Such market events could affect the dates and other terms and conditions contained in this document.

#### Currency risk

Investors whose reference currency is not the base currency for the product should be aware of the exchange-rate risk.

#### Adjustments

The Issuer reserves the right to adjust the composition of the Certificate in case of special events affecting one or more of the securities in the basket, including but not limited to a merger, acquisition or severe restriction on tradability. In the interests of investors, adjustments will be made in accordance with current market practices.

### Important information

#### General information

Past performance does not guarantee present or future performance.

This document is for information purposes only; it is not financial analysis within the meaning of the Swiss Bankers Association's "Directives on the Independence of Financial Research," nor is it an offer, invitation or personalized recommendation to buy or sell specific products.

Unless otherwise stated, the Issuer is under no obligation to acquire the underlying securities.

Any changes to the initial terms and conditions of the structured product that are unplanned or not agreed contractually will be published on the website [www.bcv.ch/invest](http://www.bcv.ch/invest).

#### Subscription period

During the subscription period, the terms and conditions are for information purposes only and may be changed; the Issuer is under no obligation to issue this product.

#### Conflict of interest relating to actively managed Certificates

BCV or an entity within BCV Group may pay or receive from third parties one-time or recurrent compensation relative to this issuance or product. The contents of this document may have been used for transactions by BCV Group prior to their publication. BCV Group may hold, acquire and/or dispose of interests or positions in the components of this product.

#### Sales restrictions

Distribution of this document and/or the sale of this product may be subject to restrictions (e.g., in the USA, UK, EU, Japan, or for US or Japanese persons) and are only authorized in accordance with applicable law.

In the event of cross-border financial services, BCV confirms that it has conducted no cross-border legal analysis. The product distributor is responsible for complying with the legal provisions prevailing in the country in which the product is to be distributed.

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## Contact information

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Sales team	Structured products sales team / BCV Asset Management & Trading Division
Telephone	021 212 42 00 Please note that phone calls to this number may be recorded. By calling us, you tacitly agree to this practice.
Fax	021 212 13 61
Website/email	<a href="http://www.bcv.ch/invest">www.bcv.ch/invest</a> / <a href="mailto:structures@bcv.ch">structures@bcv.ch</a>
Mailing address	BCV / 276 - 1598 / CP 300 / 1001 Lausanne / Switzerland
<b>Contact information: product redemption</b>	
Mailing address	BCV, Support Produits Structurés et Emissions, 283-1404, CP 300, 1001 Lausanne, Switzerland
Email	<a href="mailto:spf@bcv.ch">spf@bcv.ch</a>

## Basket composition

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Information about the current composition (including its Components) is available from the Issuer upon request.



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