

ZKB Tracker Certificate Dynamic on Green Tech Portfolio EUR

17.01.2019 - Open End | Swiss Security Code 42 979 149

New Issue

1. Product Description

Product Category/Name

Participation Product/Tracker Certificate (1300, according to the "Swiss Derivative Map" provided by the Swiss Structured Products Association)

CISA Notification

This is a Structured Product. It does not constitute a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes (CISA) and it is not subject to authorisation or supervision by FINMA. The issuer risk is borne by investors.

Investment Profile

The composition of the Underlying of this Structured Product is managed **dynamically** and **discretionary** over the course of its term. This ZKB Tracker Certificate Dynamic implements the actively managed Green Tech Portfolio Strategy of Global Strategic Capital Ltd. The Investment Manager selects Equities and ETFs based on its qualified market opinion. Further information about the investment strategy – if available – can be obtained free of charge from Zürcher Kantonalbank, Bahnhofstrasse 9, 8001 Zürich, department VRIE or by way of e-Mail address documentation@zkb.ch.

Title Universe

The title universe consists of Equities and ETFs. The underlying constituents are listed at a recognized exchange (World Federation of Exchanges or FESE (Federation of European Securities Exchanges)). The current composition of the Underlying can be found under www.zkb.ch/strukturierteprodukte.

Rebalancing

The Investment Manager rebalances the portfolio composition based on its qualified evaluation of the market. The maximum number of rebalancings per year is 12. The Calculation Agent has the right to reject a substitution initiated by the Investment Manager under certain circumstances. This can for example (but is not limited to) include lack of liquidity, change in laws and regulations, tax events, internal or external restrictions. The Investment Manager considers only stocks which provide sufficient liquidity and tradability. The Rebalancing is based on net prices of the Underlyings (average of the net prices of the underlyings converted into the basket currency by the Issuer). The current basket composition of the Underlying is listed in the Annex to this termsheet.

Issuer

Zürcher Kantonalbank, Zurich

Rating of the Issuer

Standard & Poor's AAA, Moody's Aaa, Fitch AAA

Lead Manager, Paying Agent, Exercise Agent and Calculation Agent

Zürcher Kantonalbank, Zurich

Investment Manager

Global Strategic Capital AG, Zurich
Global Strategic Capital AG is not subject to the prudential supervision of the FINMA and is supervised by the Self-regulatory organisation (SRO) Financial Services Standards Association (VQF).

Swiss Security Code/ISIN

42 979 149 (not listed)/CH0429791491

Notional Amount/Denomination/ Trading Units

EUR 10'000'000.00/EUR 100.00/1 Structured Product or multiples thereof

Number of Structured Products

Up to 100'000, with the right to increase

Issue Price

EUR 100.00 / 100.00% of Basket Value on the Initial Fixing Date

Currency

EUR

Underlying per Initial Fixing Date	Component	ISIN / Bloomberg	Related Exchange	*Currency / Initial Fixing Value	Weight in %	No. of Shares/ Amount
	Algonquin Power & Utilities Corp	CA0158571053 /AQN CT	Toronto Stock Exchange	13.8174	4.00	0.440609
	American States Water Co	US0298991011 /AWR UN	New York Stock Exchange	65.0764	4.00	0.070687
	American Water Works Co Inc	US0304201033 /AWK UN	New York Stock Exchange	90.1284	4.00	0.051039
	Atlantica Yield PLC	GB00BLP5YB54 /AY UW	NASDAQ	19.6974	4.00	0.233535
	Badger Meter Inc	US0565251081 /BMI UN	New York Stock Exchange	51.0390	4.00	0.090128
	California Water Service Group	US1307881029 /CWT UN	New York Stock Exchange	45.9612	4.00	0.100085
	Casella Waste Systems Inc	US1474481041 /CWST UW	NASDAQ	29.7152	4.00	0.154804
	Cree Inc	US2254471012 /CREE UW	NASDAQ	45.8429	4.00	0.100343
	Ecolab Inc	US2788651006 /ECL UN	New York Stock Exchange	148.7951	4.00	0.030915
	ERG SpA	IT0001157020 /ERG IM	Borsa Italiana	16.9239	4.00	0.236352
	Falck Renewables S.p.A	IT0003198790 /FKR IM	Borsa Italiana	2.5408	4.00	1.574319
	Gurit Holding AG	CH0008012236 /GUR SE	SIX Swiss Exchange	961.7411	4.00	0.004709
	Iberdrola SA	ES0144580Y14 /IBE SQ	Madrid	6.8850	4.00	0.580970
	Kingspan Group PLC	IE0004927939 /KSP ID	Irish Stock Exchange (Dublin)	37.9636	4.00	0.105364
	NEL ASA	NO0010081235 /NEL NO	Oslo	5.3045	4.00	7.352617
	NextEra Energy Inc	US65339F1012 /NEE UN	New York Stock Exchange	174.2373	4.00	0.026401
	Nidec Corp	JP3734800000 /6594 JT	Tokyo	12123.1818	4.00	0.041146
	Orsted A/S	DK0060094928 /ORSTED DC	Copenhagen	444.2067	4.00	0.067220
	Samsung SDI Co Ltd	KR7006400006 /006400 KP	Korea Stock Exchange	226118.6495	4.00	0.022764
	Tomra Systems ASA	NO0005668905 /TOM NO	Oslo	207.3504	4.00	0.188097
	Veolia Environnement	FR0000124141 /VIE FP	Euronext Paris	18.1651	4.00	0.220202
	Vestas Wind Systems A/S	DK0010268606 /VWS DC	Copenhagen	503.9084	4.00	0.059256
	Waste Connections Inc	CA94106B1013 /WCN UN	New York Stock Exchange	76.6524	4.00	0.060011
	Waste Management Inc	US94106L1098 /WVM UN	New York Stock Exchange	92.7056	4.00	0.049620
	Xylem Inc	US98419M1009 /XYL UN	New York Stock Exchange	68.4598	4.00	0.067193

* Local taxes, transactions fees and foreign commissions are, if applicable, included in the Initial Fixing Value of each component and are thus borne by the holders of the Structured Product. This applies particularly, though not exclusively, when exercising rights associated with the Structured Product and/or a Rebalancing.

Basket Value

EUR 100.00 on Initial Fixing Date

Ratio

1 ZKB Tracker Certificate Dynamic represents 1 Underlying

Dividend Payments

No dividends will be paid out. The dividend as a whole will be reinvested into the Structured Product in the form of a net dividend.

The effective dividend payment will get wholly (less non-reclaimable taxes) reinvested in the corresponding components of the Underlying. Payments from Korean Underlying constituents will not be considered and will not be distributed to the Structured Product.

Initial Fixing Date

10 January 2019

Settlement Date

17 January 2019

Redemption right of the Issuer	The Issuer has the right to redeem the outstanding Structured Products quarterly on the 15th day of March, June, September and December (fixing date; modified following), for the first time on 16 December 2019. On the fixing date, the redemption amount is determined, which is governed by the information under the section Redemption Method. The announcement and thus the declaration of intent to exercise the Redemption right is made with a notice period of 20 banking days on the website of Zürcher Kantonalbank. No statement of reasons is required. The redemption will be executed with a value date of 5 bank working days after the fixing date (Redemption Date).
Right to return of the Investor	In addition to the possibility of selling the Structured Products in the secondary market, the investor has the right to return the product quarterly per 15th day of the months March, June, September and December (fixing date; modified following) to the Issuer, for the first time on 16 December 2019. On the fixing date, the redemption amount is determined, which is governed by the information under the section Redemption Method. The declaration of intent to exercise the Right to return must be received no later than 5 banking days before the respective fixing date (exercise date) by Zürcher Kantonalbank and must be sent to the following address: by letter post to Zürcher Kantonalbank, Sales Structured Products, IHHV, P.O. Box, 8010 Zürich or by email to derivate@zkb.ch . The repayment will be executed with a value date of 5 bank working days after the fixing date (Redemption Date). Should the Structured Products of the Investor be deposited in a custodian bank, the Investor needs additionally and in due time advise/inform his custodian bank according the notice of redemption.
Initial Fixing Level	10 January 2019, Net price of the components of the Underlying on a best effort basis (the Issuer has the right to expand the Initial Fixing period if required by current market conditions e.g. liquidity). Local taxes, transactions fees and foreign commissions are included in the Initial Fixing Value of each component if applicable.
Redemption Method	On Redemption Date, investors receive in cash for every certificate 100% of the Underlying as defined on the Final Fixing Date and according to the following formula: $\sum_{i=1}^N S_{i,T} \times W_{i,T} \times FX_{i,T} - \text{Fees}$ where $S_{i,T}$ = Value of the Component i of the Underlying on Final Fixing Date $W_{i,T}$ = Weighting of the Component i of the Underlying (number of Shares) on Final Fixing Date Fees = Annual Fee $FX_{i,T}$ = Exchange rate of the Component i of the Underlying (to EUR) on Final Fixing Date T = Final Fixing Date If capital events that were unknown at the time of issue take place during the life of the ZKB Tracker Certificate Dynamic, they shall be taken into account by adjusting the weighting of the affected Component of the Underlying accordingly.
Listing	The Structured Product shall not be listed on an official exchange. The Issuer shall provide a secondary market with a bid-ask spread of no more than 1.00% under normal market conditions.
Annual Fee	1.30% p.a. The Annual Fee will be charged based on the value of the Structured Product and is pro rata temporis included in the trading price. Of the Annual Fee, the Calculation Agent receives up to 0.35% p.a. and the Investment Manager receives up to 1.00% p.a. for their relevant duties.
Clearing House	SIX SIS AG/Euroclear/Clearstream
Distribution fees	No distribution fees in the form of a discount on issue price, reimbursement of a part of the issue price or other one-off and/or periodic charges are paid out to one or several distribution partners of this Structured Product.
Sales: 044 293 66 65	SIX Telekurs: .zkb Internet: www.zkb.ch/strukturierteprodukte Reuters: ZKBSTRUCT Bloomberg: ZKBY <go>
Key Elements of the Product	In terms of value, buying a ZKB Tracker Certificate Dynamic is equivalent to buying the Underlying less any Fees. A single, low-cost transaction gives investors the opportunity to participate fully in the performance of the Underlying. Dividend Payments of underlying components in the basket are paid out to the investor by means of Dividend reinvestment in the Underlying. Redemption is based on the weighted value of Underlying components on the Fixing Date.

Taxes

The Issuer reports the taxable factors (change to previous year's value) divided in the components income and capital gain to the Swiss Federal Tax Administration on 31 October each year. The income part is subject to Swiss income tax for private investors with Swiss tax domicile as per reporting date. The capital gain part is not subject to Swiss income tax. The product is not subject to Swiss withholding tax. The Federal securities transfer stamp tax is not levied on secondary market transactions. This product may be subject to additional withholding taxes or duties, such as related to FATCA, Sect. 871(m) U.S. Tax Code or foreign financial transaction taxes. Any payments due under this product are net of such taxes or duties.

The information above is a summary only of the Issuer's understanding of current law and practice in Switzerland relating to the taxation of Structured Products. The relevant tax law and practice may change. The Issuer does not assume any liability in connection with the above information. The tax information only provides a general overview and can not substitute the personal tax advice to the investor.

Documentation

This document constitutes a Simplified Prospectus in accordance with article 5 of the Federal Collective Investment Schemes Act (the "CISA"). The Issuance Programme of the Issuer dated 17 April 2018, published in German and approved as "SIX Swiss Exchange registered Issuance Programme", complements this Simplified Prospectus. Structured Products will be issued as uncertified rights (Wertrechte) and registered as book entry securities (Bucheffekten) with SIX SIS AG. Investors have no right to request the issuance of any certificates or proves of evidence for the Structured Products. **This Simplified Prospectus and the Issuance Programme can be ordered free of charge at Zürcher Kantonalbank, Bahnhofstrasse 9, 8001 Zurich, dept. VRIE or by e-mail at documentation@zkb.ch.** This document is not a prospectus in accordance with articles 652a or 1156 of the Swiss Code of Obligations.

Information on the Underlying

Information on the performance of the Underlying/a component of the Underlying is publicly available on www.bloomberg.com. Current annual reports are published on the website of the respective business entity. The transfer of the Underlying/a component of the Underlying is conducted in accordance with their respective statutes.

Notices

Any notice by the Issuer in connection with these Structured Products, in particular any notice in connection with modifications of the terms and conditions will be validly published on the website <https://zkb-finance.mdgms.com/products/stp/index.html> under the relevant Structured Product. The Swiss security code search button will lead you directly to the relevant Structured Product.

Governing Law/Jurisdiction

Swiss Law/Zurich

2. Profit and Loss Expectations after Year 1

Profit and Loss Expectations after Year 1

ZKB Tracker Certificate Dynamic

Basket		Redemption	
Value	Percent	ZKB Tracker Certificate Dynamic	Performance %
EUR 70.00	-30.00%	EUR 69.09	-30.91%
EUR 80.00	-20.00%	EUR 78.96	-21.04%
EUR 90.00	-10.00%	EUR 88.83	-11.17%
EUR 100.00	+0.00%	EUR 98.70	-1.30%
EUR 110.00	+10.00%	EUR 108.57	8.57%
EUR 120.00	+20.00%	EUR 118.44	18.44%
EUR 130.00	+30.00%	EUR 128.31	28.31%

Source: Zürcher Kantonalbank

The performance of the ZKB Tracker Certificate Dynamic is analog to the performance of the Underlying less any Fees.

The figures in the table above are valid after Year 1 only and cannot be considered as a price indication for the present Structured Product during its lifetime. The price quoted in the secondary market can differ substantially from the table above. For presentation purposes it is assumed, that the currency of the Underlying remains constant during the lifetime of the present Structured Product.

3. Material Risks for Investors

Credit Risk Relating to Issuer

Obligations under these Structured Products constitute direct, unconditional and unsecured obligations of the Issuer and rank pari passu with other direct, unconditional and unsecured obligations of the Issuer. The value of the Structured Product does not only depend on the performance of the Underlying and other developments in the financial markets, but also on the solvency of the Issuer, which may change during the term of this Structured Product.

Specific Product Risks

Structured Products are complex financial instruments, which entail considerable risks and, accordingly, are only suitable for investors who have the requisite knowledge and experience and understand thoroughly the risks connected with an investment in these structured products and are capable of bearing the economic risks.

ZKB Tracker Certificate Dynamic is an investment product whose price fluctuates to the same degree as the Underlying less any Fees. Depending on price trends, the price of a ZKB Tracker Certificate Dynamic could fall below the Issue Price. The risk profile of the ZKB Tracker Certificate Dynamic corresponds to that of the Underlying. The ZKB Tracker Certificate Dynamic is denominated in EUR. The investor bears all the risks in connection with a possible exchange rate risk between the product currency, the currency of the components of the Underlying, and his reference currency.

4. Additional Terms

Modifications

If an extraordinary event occurs in relation to the Underlying/a component of the Underlying, which makes it impossible or particularly cumbersome for the Issuer, to fulfil its obligations under the Structured Products or to calculate the value of the Structured Products, the Issuer shall at its own discretion take all the necessary actions and, if necessary may modify the terms and conditions of these Structured Products at its own discretion in such way, that the economic value of the Structured Products after occurrence of the extraordinary event corresponds, to the extent possible, to the economic value of the Structured Products prior to the occurrence of the extraordinary event. If the Issuer determines, for whatever reason, that an adequate modification is not possible, the Issuer has the right to redeem the Structured Products early.

Market Disruptions

If, due to the occurrence of a Market Disruption in relation to the Underlying/a component of the Underlying no market price can be determined, the Issuer or the Calculation Agent shall determine the market price of the Underlying/the component of the Underlying at its free discretion, considering the general market conditions and the last market price of relevant Underlying/component of the Underlying affected by the Market Disruption and has the right, if the Market Disruption persists on the Redemption Date, to postpone the Redemption Date to the first Banking Day on which the Market Disruption has terminated. It shall make comparisons with the provisions laid down in the issuance programme, which shall take precedence. This provision shall apply accordingly to the determination of the value of the Structured Products, if the Underlying/a component of the Underlying is affected by a Market Disruption.

Early Termination in Case of Change of Law

The Issuer reserves the right of early termination in respect of all Structured Products issued under this issuance program for tax reasons (such as, e.g., in the situation in which the Issuer would be required on account of new tax laws to pay additional amounts which result from the withholding or deduction of current or future taxes, imposts, charges or fees, regardless of type), as well as in the case of limitations in respect of its activities as Issuer through new laws or administrative measures (e.g., if it is prohibited under supervisory law from issuing Structured Products).

Substitution of Underlying

During the term of the Structured Product, changes in or substitution of the Underlying by the Calculation Agent can occur. In this case, it cannot be ruled out that such changes or substitutions will negatively affect the value of the Structured Product. Likewise, it cannot be ruled out that in the case of a Structured Product based on an index that changes in the composition of the index as a result of change or substitutions in respect of individual index components, for example, as a result of the withdrawal or addition of individual securities, may negatively influence the price of the index and accordingly the value of the Structured Product.

Selling Restrictions

The selling restrictions contained in the Issuance Programme are applicable (EEA, U.S.A./U.S. persons, Guernsey).

In particular must this publication and the information contained within not be distributed and / or redistributed, used or relied upon, by any person (whether individual or entity) who may be a US person under Regulation S under the US Securities Act of 1933. US persons include any US resident; any corporation, company, partnership or other entity organized under any law of the United States; and other categories set out in Regulation S.

The Issuer has not undertaken any actions to permit the public offering of the Structured Products or the possession or the distribution of any document produced in connection with the issuance of the Structured Products in any jurisdiction other than Switzerland. The distribution of these Final Terms or other documents produced in connection with the issuance of the Structured Products and the offering, sale and delivery of the Structured Products in certain jurisdictions may be restricted by law. Persons, which have received these Final Terms or any other documents produced in connection with the issuance of the Structured Products, such as the Issuance Programme, Termsheets, marketing or other selling material, are required by the Issuer to inform themselves about and to observe any such restrictions.

Prudential Supervision

As a bank within the meaning of the Swiss Federal Act on Banks and Savings Banks (BankG; SR 952.0) and a securities dealer within the meaning of the Swiss Federal Act on Securities Exchanges and Securities Trading (BEHG; SR 954.1), Zürcher Kantonalbank is subject to the prudential supervision of FINMA, Laupenstrasse 27, CH-3003 Bern, <http://www.finma.ch>.

Recording of Telephone Conversations

Investors are reminded that telephone conversations with trading or sales units of Zürcher Kantonalbank are recorded. Investors, engaging in telephone conversations with these units provide their tacit consent to the recording of their conversations.

Zurich, 10 January 2019, last update on 11 January 2019