

# ZKB Tracker Certificate on a ZKB Basket 'Favorite Stocks 2020'

29.01.2020 - 29.01.2021 | Swiss Security Code 50 657 187

## New Issue / indicative termsheet

\*\* The information contained is merely indicative. The Issuer/Calculation Agent will fix the legally binding parameters on the Initial Fixing Date. The Subscriber/Investor takes notice of the fact, that the final and legally binding conditions of the present Structured Product will not be fixed until Initial Fixing Date. Furthermore, in subscribing to the present Structured Product, the Investor agrees to the final conditions.

### 1. Product Description

<b>Product Category/Name</b>	Participation Product/Tracker Certificate (1300, according to the "Swiss Derivative Map" provided by the Swiss Structured Products Association)
<b>CISA Notification</b>	<b>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.</b>
<b>Investment Profile</b>	The 10 stocks included in the basket were selected as favourites 2020 by the Zürcher Kantonalbank research based on their promising outlook. The basket consists of two small-cap stocks with a weighting of 5.00% each, and three mid-caps with weightings of 7.50%, resp. 12.50%. The five large-caps are weighted with 12.50% each. All companies are classified as "overweight" by the Zürcher Kantonalbank research at time of issue.
<b>Issuer</b>	Zürcher Kantonalbank, Zurich
<b>Lead Manager, Paying Agent, Exercise Agent and Calculation Agent</b>	Zürcher Kantonalbank, Zurich
<b>Rating of the Issuer</b>	Standard & Poor's AAA, Moody's Aaa, Fitch AAA
<b>Symbol/ Swiss Security Code/ISIN</b>	<b>TOP20Z/</b> 50 657 187/CH0506571873
<b>Notional Amount/Denomination/ Trading Units</b>	CHF 50'000'000.00**/CHF 100.00**/1 Structured Product or multiples thereof
<b>Number of Structured Products</b>	Up to 500'000**, with the right to increase
<b>Issue Price</b>	<b>CHF 100.00</b> / 101.52% of Basket Value on the Initial Fixing Date
<b>Currency</b>	CHF

Underlying	Component	ISIN / Bloomberg	Related Exchange	*Currency / Initial Fixing Value**	Weight in %**	No. of Shares**
	LafargeHolcim Limited	CH0012214059 / LHN SE	SIX Swiss Exchange	0.00001	12.50	0.00001
	Roche Holding Ltd	CH0012032048 / ROG SE	SIX Swiss Exchange	0.00001	12.50	0.00001
	SGS Ltd	CH0002497458 / SGSN SE	SIX Swiss Exchange	0.00001	12.50	0.00001
	The Swatch Group Ltd	CH0012255151 / UHR SE	SIX Swiss Exchange	0.00001	12.50	0.00001
	Zurich Insurance Group AG	CH0011075394 / ZURN SE	SIX Swiss Exchange	0.00001	12.50	0.00001
	Straumann Holding AG	CH0012280076 / STMN SE	SIX Swiss Exchange	0.00001	12.50	0.00001
	ARYZTA AG	CH0043238366 / ARYN SE	SIX Swiss Exchange	0.00001	7.50	0.00001
	Cembra Money Bank AG	CH0225173167 / CMBN SE	SIX Swiss Exchange	0.00001	7.50	0.00001
	Gurit Holding AG	CH0008012236 / GUR SE	SIX Swiss Exchange	0.00001	5.00	0.00001
	SoftwareONE Holding AG	CH0496451508 / SWON SE	SIX Swiss Exchange	0.00001	5.00	0.00001
	* 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.					
<b>Basket Value</b>	CHF 98.50** on Initial Fixing Date					
<b>Ratio</b>	1 ZKB Tracker Certificate represents 1 Underlying					
<b>Dividend Payments</b>	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.					
<b>Subscription Period</b>	Subscriptions for these Structured Products may be made <b>until 17 January 2020, 16:00 CET**</b> . The Issuer shall have the right to reduce the number of Structured Products issued or to withdraw them from the issue for any reason. Furthermore, the Issuer shall have the right to close the offer prematurely or to postpone the Subscription Period.					
<b>Initial Fixing Date</b>	From 20 January 2020 till 24 January 2020					
<b>Settlement Date</b>	29 January 2020					
<b>Last Trading Date</b>	19 January 2021					
<b>Final Fixing Date</b>	From 20 January 2021 till 26 January 2021 The Issuer has the right to expand the time period for the Final Fixing if required by current market conditions e.g. liquidity.					
<b>Redemption Date</b>	29 January 2021					
<b>Initial Fixing Level</b>	From 20 January 2020 till 24 January 2020, Net price of the Components of the Underlying on a best effort basis. Local taxes, transactions fees and foreign commissions are included in the Initial Fixing Value of each component if applicable.					
<b>Final Fixing Level</b>	From 20 January 2021 till 26 January 2021, Net price of the Components of the Underlying on a best effort basis. Local taxes, transactions fees and foreign commissions are included in the Final 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:

$$Ratio * \left( \sum_{i=1}^N S_{i,T} * W_{i,T} \right)$$

where

Ratio = 1

$S_{i,T}$  = 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

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, they shall be taken into account by adjusting the weighting of the affected Component of the Underlying accordingly.

## Listing

Application to list on the SIX Swiss Exchange will be filed, the first provisory trading day will be 29 January 2020.

## Clearing House

SIX SIS AG/Euroclear/Clearstream

## Distribution fees

Distribution fees in the form of a discount on the issue price, reimbursement of a part of the issue price or other one-off and/or periodic charges may have been paid to one or several distribution partners of this Structured Product. Distribution fees paid to distribution partners may amount up to 0.7500%.

## Sales: 044 293 66 65

SIX Telekurs: .zkb

Internet: [www.zkb.ch/finanzinformationen](http://www.zkb.ch/finanzinformationen)

Reuters: ZKBSTRUCT

Bloomberg: ZKBY <go>

## Key Elements of the Product

In terms of value, buying a ZKB Tracker Certificate is equivalent to buying the Underlying. 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 Final Fixing Date.

## Taxes

For private investors with Swiss tax domicile, the reinvested dividends are subject to Swiss income tax at maturity. 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 indicative values (marked \*\*). The Final Terms (Final Terms) under Article 21 of the Additional Rules for the Listing of Derivates of SIX Swiss Exchange are set at initial fixing date. These Final Terms supplement the Issuance Programme of the Issuer dated 15 April 2019 and published in German in the currently valid version. These Final Terms and the Issuance Programme constitute the complete Issuance and Listing Prospectus for this issuance (the 'Listing Prospectus'). Except as otherwise defined in these Final Terms, capitalised terms used in these Final Terms have the meaning as defined in the Glossary in the Issuance Programme. In case of discrepancies between information or the provisions in these Final Terms and those in the Issuance Programme, the information and provisions in these Final Terms shall prevail. 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 require the issuance of any certificates or proves of evidence for the Structured Products. **These Final Terms 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](mailto: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](http://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://www.zkb.ch/finanzinformationen> under the relevant Structured Product. The Swiss security code search button will lead you directly to the relevant Structured Product. The notices will be published in accordance with the rules issued by SIX Swiss Exchange for IBL (Internet Based Listing) on the website <https://www.six-exchange-regulation.com/en/home/publications/official-notices.html>

## Governing Law/Jurisdiction

Swiss Law/Zurich

## Profit and Loss Expectations at Maturity

ZKB Tracker Certificate\*\*

Basket		Redemption	
Value	Percent	ZKB Tracker Certificate	Performance %
CHF 39.40	-60.00%	CHF 39.40	-60.60%
CHF 59.10	-40.00%	CHF 59.10	-40.90%
CHF 78.80	-20.00%	CHF 78.80	-21.20%
CHF 100.00	+1.52%	CHF 100.00	0.00%
CHF 118.20	+20.00%	CHF 118.20	18.20%
CHF 137.90	+40.00%	CHF 137.90	37.90%
CHF 157.60	+60.00%	CHF 157.60	57.60%

Source: Zürcher Kantonalbank

The performance of the ZKB Tracker Certificate is analog to the performance of the Underlying.

The figures in the table above are valid at Maturity 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.

## 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 is an investment product whose price fluctuates to the same degree as the Underlying. Depending on price trends, the price of a ZKB Tracker Certificate could fall below the Issue Price. The risk profile of the ZKB Tracker Certificate corresponds to that of the Underlying. The ZKB Tracker Certificate is denominated in CHF. If the investor's reference currency differs from the CHF, the investor bears the risk between the CHF and his reference currency.

## 4. Additional Terms

### Modifications

If an extraordinary event as described in Section IV of the Issuance Programme occurs in relation to the Underlying/a component of the Underlying or if any other extraordinary event occurs, which makes it impossible or particularly cumbersome for the Issuer, to fulfill 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. Specific modification rules for certain types of Underlyings stated in Section IV of the Issuance Programme shall prevail. 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

Compare specific provisions in the Issuance Programme.

### Selling Restrictions

EEA, U.S.A./U.S. persons, United Kingdom, Guernsey

**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.

**Further Information**

This document constitutes neither an offer nor a recommendation or invitation to purchase financial instruments and can't replace the individual investor's own judgement. The information contained in this document does not constitute investment advice but is intended solely as a product description. An investment decision should in any case be made on the basis of these Final Terms and the issuance programme. Particularly, before entering into a transaction, the investor should, if necessary with the assistance of an advisor, examine the conditions for investment in the Product in consideration of his personal situation with regard to legal, regulatory, tax and other consequences. Only an investor who is aware of the risks of the transaction and has the financial capacity to bear any losses should enter into such transactions.

Zurich, 10 December 2019