



UBS ETRACS – ProShares Daily 3x Inverse Crude ETN

Profile

Issuer	UBS AG
Underlying Index ER	Bloomberg WTI Crude Oil Subindex
Daily Leverage	-3x
Initial Trade Date	1/4/2017
Maturity Date	1/4/2047
Annual Tracking Fee	1.85%, accrued on a daily basis
Primary Exchange	NYSE Arca
CUSIP	90274E125
Link to Prospectus	Prospectus Supplement

ETN Ticker: WTID

Key Features

- 3X daily leveraged inverse exposure to an index that tracks futures on WTI crude oil (i.e. leveraged short exposure to WTI crude oil)
- Exchange traded security listed on NYSE

About the ETN

The UBS ETRACS - ProShares Daily 3x Inverse Crude ETN (NYSE: WTID) (the “ETNs”, the “3X Inverse ETNs”, or “WTID”) is an exchange-traded note linked to the daily compounded 3x leveraged performance of the Bloomberg WTI Crude Oil Subindex ER, less investor fees. WTID has been approved for listing on the NYSE Arca® exchange (subject to official notice of issuance). The daily return on the 3x Inverse ETNs will benefit from the daily decrease in the index level.

Exchange-traded Notes are senior, unsecured, unsubordinated debt securities that provide investors with exposure to the total returns of various market indices, including those linked to stocks, bonds, commodities and/or currencies, less investor fees.

About the Underlying Index

The Index is an excess return index that comprises 1 to 3 month exchange-traded futures contracts on a single commodity (West Texas Intermediate crude oil) and is a subindex of the Bloomberg Commodity Index (Bloomberg: BCOM) and a member of the Bloomberg Commodity Indices family. The Index is designed to measure the returns that are potentially available through an unleveraged investment in rolling West Texas Intermediate crude oil futures contracts traded on major commodity exchanges. The futures contracts are never held to delivery, and are instead rolled forward into replacement contracts every other month. The performance of the Index is primarily determined by changes in price of the futures contract(s) referenced by the Index, the timing of the roll and the relative price movements of the incoming contract and the outgoing contract. The WTI crude oil futures contracts tracked by the Index roll approximately every other month to the contract that is two months longer in maturity. The Index provides investors with a benchmark for rolling futures contracts in this single commodity. **The Index was created in February 2006 and has no performance history prior to that date.**

Historical Returns as of 12/31/2018

	3 Months	6 Months	1 Year	3 Years	5 Years
UBS ETRACS – ProShares 3x Inverse Crude ETN	196.12%	151.01%	13.28%	N/A	N/A
Bloomberg WTI Crude Subindex ER	-37.87%	-36.18%	-22.03%	-12.14%	-72.16%
Bloomberg WTI Crude Subindex TR +1-877-387 7775	-37.49%	-35.46%	-20.46%	-9.23%	-71.21%

Source: Bloomberg/Reuters. The historical Index returns shown above are cumulative total returns for the stated periods as of December 31, 2018 and are furnished as a matter of

etracs@ubs.com

UBS ETRACS – ProShares Daily 3x Inverse Crude

ETN

Selected Risk Considerations

An investment in the ETNs involves risks. Selected risks are summarized here, but we urge you to read the more detailed explanation of risks described in the "Risk Factors" section of the prospectus supplement for the ETNs (the "ETRACS Prospectus"). Capitalized terms used below (and elsewhere in this document) but not defined herein shall have the meanings attributed to them in the ETRACS Prospectus.

The ETNs are intended to be daily trading tools for sophisticated investors to manage daily trading risks as part of an overall diversified portfolio. They are designed to achieve their stated investment objectives on a daily basis. Their performance over longer periods of time can differ significantly from their stated daily objectives. The ETNs are riskier than securities that have intermediate or long-term investment objectives, and may not be suitable for investors who plan to hold them for a period other than one day or who have a "buy and hold" strategy. Accordingly, the ETNs should be purchased only by knowledgeable investors who understand the potential consequences of investing in the Index and of seeking daily compounding leveraged inverse investment results. Investors should actively and continuously monitor their investments in the ETNs, even intra-day. It is possible that you will suffer significant losses in the ETNs even if the long-term performance of the Index is negative.

- **You may lose all or a substantial portion of your investment** — The ETNs do not guarantee any return on your initial investment. The ETNs are leveraged inverse ETNs, which means they are exposed to three times the risk of any increase in the level of the Index, compounded daily. If the level of the Index increases or does not decrease sufficiently, in addition to the Daily Accrual to offset the impact of the Annual Tracking Fee over the term of the ETNs and, if applicable, the Redemption Fee Amount and creation fee, you will receive less than the initial investment amount of your ETNs at maturity, upon early redemption, upon acceleration, or call of the ETNs.
- **Correlation and compounding risk** — A number of factors may affect the ETNs' ability to achieve a high degree of correlation with the performance of the Index, and there is a significant possibility that the ETNs will not achieve a high degree of correlation with the performance of the Index over periods longer than one day. The Current Principal Amount is reset daily, the return on the ETNs is path dependent and you will be exposed to compounding of daily returns. As a result, the performance of the ETNs for periods greater than one Index Business Day may be either greater than or less than three times the inverse of the Index performance, before accounting for the Annual Tracking Fee, Redemption Fee Amount and creation fee, if any. Further, significant adverse performances of your ETNs may not be offset by subsequent beneficial performances of equal magnitude.
- **Leverage risk** — The ETNs are three times leveraged and, as a result, will benefit from three times any negative, *but will decline based on three times any positive daily performance of the Index*. However, the leverage of the ETNs may be greater or less than -3.0 during any given Index Business Day.
- **Automatic deleveraging upon the occurrence of a Deleveraging Event** — If a Deleveraging Event occurs with respect to the ETNs, the leverage on such Stop Loss Termination Date with respect to the ETNs will be automatically delevered to -1X. This will limit any benefit from any subsequent decrease in the Index Closing Level on the Stop Loss Termination Date until the leverage is reset.
- **Daily Reset** — Because the leverage of the ETNs is generally only reset once each day, it is likely that due to intra-day changes in the level of the Index, the leverage at any point during a trading day can be higher or lower than the target leverage, of -3.0.
- **Market risk** — The return on the ETNs, which may be positive or negative, is linked to leveraged inverse return on the Index. The return on the Index is measured by the Index Closing Level, which, in turn, is affected by a variety of market and economic factors, interest rates in the markets and economic, financial, political, regulatory, judicial or other events that affect the markets generally, all of which are unpredictable.
- **Concentration risk** — The ETNs reflect a short position in the Index, which comprises futures contracts of a single commodity, WTI crude oil, and thus are much less diversified than funds, investment portfolios or indices investing in or tracking a broader range of products and, therefore, could experience greater volatility. You will not benefit, with respect to the ETNs, from any of the advantages of a diversified investment and will bear the risks of a highly concentrated investment.
- **Credit of issuer** — The ETNs are senior unsecured debt obligations of the issuer, UBS, and are not, either directly or indirectly, an obligation of or guaranteed by any third party. Any payment to be made on the ETNs, including any payment at maturity, call, acceleration or upon early redemption, depends on the ability of UBS to satisfy its obligations as they come due. As a result, the

UBS ETRACS – ProShares Daily 3x Inverse Crude

ETNs

actual and perceived creditworthiness of UBS will affect the market value, if any, of the ETNs prior to maturity, call, acceleration or early redemption. In addition, in the event UBS were to default on its obligations, you may not receive any amounts owed to you under the terms of the ETNs. The ETNs do not benefit from any co-obligation of UBS Switzerland AG.

- **Potentially high and unpredictable volatility in the price of WTI crude oil** — The return on the ETNs is linked to the performance of the Index, which in turn is linked to the performance of futures contracts on WTI crude oil. WTI crude oil prices are subject to volatile price movements over short periods of time and are affected by numerous factors, including changes in supply and demand relationships, governmental programs and policies, national and international monetary, trade, political and economic events, changes in interest and exchange rates, speculation and trading activities in commodities and related contracts, weather, and agricultural, trade, fiscal and exchange control policies. These factors may have a larger impact on commodity prices, commodity futures prices, and commodity-linked instruments than on traditional fixed-income and equity securities and may create additional investment risks that cause the value of the ETNs to be more volatile than the values of traditional securities. During certain periods in recent years, oil prices have decreased dramatically. These and other factors may affect the level of the Index, and thus the value of your ETNs, in unpredictable or unanticipated ways.
- **The Index tracks the prices of futures contracts with expiration dates approximately one to three months in the future, which may affect the level of the Index in various ways** — A futures contract for a commodity typically specifies an expiration month, which is the month in which the contract will cease to trade, and a delivery date, which is the date on which the underlying physical commodity referenced by the futures contract is delivered. A “front-month futures contract” refers to the futures contract that has the nearest expiration date. The Index rolls the underlying commodities futures contracts every other month as further described in “The Index — Bloomberg WTI Crude Oil Subindex” in the ETRACS Prospectus.
- **The ETNs do not offer direct exposure to the spot price of WTI crude oil** — The Index is linked to commodity futures contracts, not physical commodities (or their spot prices). The price of a futures contract reflects the expected value of the commodity upon delivery in the future, whereas the spot price of a commodity reflects the immediate delivery value of the commodity. A variety of factors can lead to a disparity between the expected future price of a commodity and the spot price at a given point in time. The price movements of a futures contract are typically correlated with the movements of the spot price of the referenced commodity, but the correlation is generally imperfect and price movements in the spot market may not be reflected in the futures market (and vice versa). Accordingly, the ETNs may underperform a similar investment that is linked to the spot price of WTI crude oil.
- **You will not receive interest payments on the ETNs or have any rights in respect of any physical commodities, or any of the Index Contracts** — As an owner of the ETNs, you will not have rights that holders of WTI crude oil or investors in the Index Contracts may have. Your ETNs will be paid in cash, and you will have no right to receive delivery of WTI crude oil or payment of amounts in respect of the Index Contracts.
- **These ETNs do not pay a coupon payment or interest** — You will not receive a coupon payment or interest on these ETNs. These ETNs are designed for investors who are willing to forgo cash payments and, if the Index increases or does not decline enough to offset the effect of the fees as described above, are willing to lose some or all of their principal.
- **Potential Acceleration Option upon the occurrence of a Stop Loss Termination Event** — If a Stop Loss Termination Event occurs with respect to the ETNs and UBS exercises its Acceleration Option, all issued and outstanding ETNs of such series may be accelerated and redeemed by UBS, at its option, for a cash payment equal to the Stop Loss Redemption Amount; provided that if the Stop Loss Redemption Amount so calculated is less than or equal to zero, the payment upon acceleration will be zero. The Stop Loss Redemption Amount you receive on the Stop Loss Redemption Date may be significantly less than your investment and may be zero. In addition, if the ETNs are accelerated and redeemed by UBS, at its option, you will not benefit from any subsequent decrease in the Index Closing Level after the Stop Loss Valuation Date, even if such decrease occurs prior to the Stop Loss Redemption Date.
- **Path dependence** — The return on the ETNs will be highly path dependent. Accordingly, even if the level of the Index increases or decreases over the term of the ETNs, or over the term which you hold the ETNs, the ETNs will decrease or increase not only based on any change in the level of the Index over a given time period but also based on the volatility of the level of the Index over such time period. The value of your series of ETNs will depend not only upon the level of the Index at maturity or upon call, early redemption or acceleration, but also on the performance of the Index over each day that you hold your ETNs. It is possible that you will suffer significant losses in the ETNs even if the long-term performance of the Index is negative. Accordingly, the returns on the ETNs may not correlate with returns on the Index over periods longer than one day.
- **A trading market for the ETNs may not develop** — Although the ETNs have been approved for listing on NYSE Arca, subject to official notice of issuance, a trading market for the ETNs may not develop. Certain affiliates of UBS may engage in limited purchase and

UBS ETRACS – ProShares Daily 3x Inverse Crude

ETNs

resale transactions in the ETNs, although they are not required to and may stop at any time. We are not required to maintain any listing of the ETNs on NYSE Arca or any other exchange. In addition, we are not obliged to, and may not, sell the full aggregate principal amount of the ETNs shown on the cover of the ETRACS Prospectus. We may suspend or cease sales of the ETNs at any time, at our discretion. Therefore, the liquidity of the ETNs may be limited.

- **Requirements upon early redemption** — You must satisfy the requirements described in the ETRACS Prospectus for your redemption request to be considered, including the minimum redemption amount of at least 50,000 ETNs of the applicable series, unless we determine otherwise or your broker or other financial intermediary bundles your ETNs for redemption with those of other investors of the applicable series to reach this minimum requirement and there can be no assurance that they can or will do so. Therefore, the liquidity of the ETNs may be limited. In addition, the payment you receive upon early redemption will be reduced by the applicable Annual Tracking Fee, Redemption Fee Amount and creation fee. While UBS reserves the right to reduce or waive the minimum redemption amount or the Redemption Fee Amount from time to time in its sole discretion, there can be no assurance that UBS will choose to reduce or waive any redemption requirements or fees or that any holder of the ETNs will benefit from UBS's election to do so.
- **Your redemption election is irrevocable** — You will not know the Redemption Amount at the time you elect to request us to redeem your ETNs of a series and you will not be able to rescind your election to redeem your ETNs of a series after your redemption notice is received by UBS. Accordingly, you will be exposed to market risk in the event market conditions change after UBS receives your offer and the Redemption Amount is determined on the applicable Valuation Date.
- **Uncertain tax treatment** — Significant aspects of the tax treatment of the ETNs are uncertain. You should consult your own tax advisor about your own tax situation. See “Material U.S. Federal Income Tax Consequences” in the ETRACS Prospectus.
- **UBS's Call Right** — UBS may elect to redeem all outstanding ETNs at any time on or after January 10, 2018, as described under “Specific Terms of the ETNs — UBS's Call Right” in the ETRACS Prospectus. If UBS exercises its Call Right, the Call Settlement Amount may be less than your initial investment in the ETNs. Alternatively, if the series of ETNs has increased in value, you may have to invest your proceeds in a lower-return investment.

UBS ETRACS – ProShares Daily 3x Inverse Crude

ETN

Disclosures and Important Information

This material is issued by UBS AG and/or an affiliate thereof (“UBS”). Products and services mentioned in this material may not be available for residents of certain jurisdictions. Past performance is not necessarily indicative of future results. Please consult the restrictions relating to the product or service in question for further information. Activities with respect to US securities are conducted through UBS Securities LLC, a US broker/dealer. Member of SIPC (<http://www.sipc.org/>).

ETRACS ETNs are sold only in conjunction with the relevant offering materials. UBS has filed a registration statement (including a prospectus, as supplemented by a prospectus supplement for the offering of the ETRACS ETNs) with the Securities and Exchange Commission (the “SEC”) for the offering to which this communication relates. Before you invest, you should read these documents and any other documents that UBS has filed with the SEC for more complete information about UBS and the offering to which this communication relates. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, you can request the prospectus and the applicable prospectus supplement by calling toll-free (+1-877-387 2275). In the US, securities underwriting, trading and brokerage activities and M&A advisor activities are provided by UBS Securities LLC, a registered broker/dealer that is a wholly owned subsidiary of UBS AG, a member of the New York Stock Exchange and other principal exchanges, and a member of SIPC. UBS Financial Services Inc. is a registered broker/dealer and affiliate of UBS Securities LLC.

UBS AG has filed a registration statement (including a prospectus and a supplement thereto) with the Securities and Exchange Commission (“SEC”) for the ETNs. Before you invest, you should read the prospectus supplement dated January 4, 2017 and the prospectus dated April 29, 2016 to understand fully the terms of the securities and other considerations that are important in making a decision about investing in the ETNs. The prospectus supplement for the ETNs may be obtained by clicking <https://www.sec.gov/Archives/edgar/data/1114446/000119312517001934/d302964d424b2.htm>. You may also get these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. An investment in the ETNs is subject to a number of risks, including the risk of loss of some or all of the investor’s principal, and is subject to the creditworthiness of UBS. Investors are not guaranteed any coupon or distribution amount under the ETNs. Investors should read the more detailed explanation of risks described under “Risk Factors” in the prospectus supplement for the ETNs.

UBS specifically prohibits the redistribution or reproduction of this material in whole or in part without the prior written permission of UBS and UBS accepts no liability whatsoever for the actions of third parties in this respect. © UBS 2017. The key symbol, UBS and ETRACS are among the registered and unregistered trademarks of UBS. Other marks may be trademarks of their respective owners. All rights reserved.

ProShares® is a registered trademark of ProShare Advisors, LLC; “ProShares” has been licensed for use by the Issuer and its Affiliates in connection with the ETNs. Neither the Issuer nor its Affiliates is sponsored by ProShare Advisors, ProShare Distributors or any of their respective Affiliates, and none of such parties make any representation regarding the operation of the ETNs nor do they have any liability for the investment performance of such ETNs or any errors, omissions, or interruptions of the ETNs or any related index.

NONE OF BLOOMBERG, UBS AG, UBS SECURITIES LLC OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES GUARANTEES THE ACCURACY AND/OR THE COMPLETENESS OF THE BLOOMBERG COMMODITY INDEXSM OR ANY DATA RELATED THERETO AND NONE OF BLOOMBERG, UBS AG, UBS SECURITIES LLC OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. NONE OF BLOOMBERG, UBS AG, UBS SECURITIES OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY OWNERS OF THE SECURITIES OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE BLOOMBERG COMMODITY INDEXSM OR ANY DATA RELATED THERETO. NONE OF BLOOMBERG, UBS AG, UBS SECURITIES LLC OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES MAKES ANY EXPRESS OR IMPLIED WARRANTIES AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE BLOOMBERG COMMODITY INDEXSM OR ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, TO THE MAXIMUM EXTENT ALLOWED BY LAW, BLOOMBERG, ITS LICENSORS (INCLUDING UBS), AND ITS AND THEIR RESPECTIVE EMPLOYEES, CONTRACTORS, AGENTS, SUPPLIERS AND VENDORS SHALL HAVE NO LIABILITY OR RESPONSIBILITY WHATSOEVER FOR ANY INJURY OR DAMAGES— WHETHER DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR OTHERWISE— ARISING IN CONNECTION WITH THE BLOOMBERG COMMODITY INDEX TOTAL RETURN SM OR THE BLOOMBERG COMMODITY INDEXSM OR ANY DATA OR VALUES RELATING THERETO— WHETHER ARISING FROM THEIR NEGLIGENCE OR OTHERWISE, EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS AMONG BLOOMBERG AND UBS SECURITIES LLC, OTHER THAN UBS AG.

For questions or additional information about UBS ETRACS

Contact

ETRACS Investor Service Center: +1-877-387-2275
Hours available: Monday to Friday 8:00 a.m. - 5:00 p.m.

Email: etracs@ubs.com
Website: