

October 9, 2018

# News Release

## **UBS Suspends Further Sales of ETRACS Monthly Pay 2xLeveraged Small Cap High Dividend ETN**

New York, October 9, 2018 – UBS AG today announced that it has suspended further sales from inventory of its outstanding ETRACS Monthly Pay 2xLeveraged Small Cap High Dividend ETN (NYSE Arca Ticker: SMHD). This suspension will remain in effect until further notice from UBS AG.

As previously announced on October 8, 2015, UBS AG does not intend to issue any new notes of this ETN, which is part of a series of UBS AG debt securities designated as “Medium-Term Notes, Series A.” As a result, following this announcement, UBS does not intend to make further sales of previously issued but unsold notes of this ETN or notes of this ETN that UBS Securities LLC may acquire in the future. This ETN will continue to trade on the NYSE Arca, subject to further notice.

As disclosed in more detail in the applicable pricing and product supplements, the market value of the notes may be influenced by, among other things, supply and demand for the notes. It is possible that the suspension of any further sales of these notes by UBS AG, as described above, may influence the market value of the notes and the liquidity of the market for the notes, potentially leading to insufficient supply and causing the notes to trade at a premium above their closing or intraday indicative value. Any such premium may subsequently decrease at any time and for any reason without warning, resulting in financial loss to sellers who paid this premium when they acquired their notes. In addition, if investors elect to redeem their ETNs, any redemption will be at the redemption value set forth in the applicable product supplement and will not include any premium above that value.

Investors should always consult their financial advisors and compare the intraday indicative value of the notes with the notes’ then-prevailing market price before purchasing or selling these notes, especially notes with premium or discount characteristics.

This announcement does not affect the terms of the outstanding ETRACS Monthly Pay 2xLeveraged Small Cap High Dividend ETNs, including the right of noteholders to require UBS AG to redeem their notes on the terms and at the redemption price set forth in the applicable product supplement and pricing supplement. Additionally, this announcement does not impact the right of UBS AG to call the notes at the prices and under the circumstances set forth in the applicable product supplement and pricing supplement.

The pricing supplement for SMHD can be accessed by clicking [here](#).

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## About ETRACS

ETRACS ETNs are senior unsecured notes issued by UBS AG, are traded on NYSE Arca, and can be bought and sold through a broker or financial advisor. **An investment in ETRACS 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 AG. Investors are not guaranteed any coupon or distribution amount under the ETNs. We urge you to read the more detailed explanation of risks described under "Risk Factors" in the applicable prospectus supplement, or product supplement and pricing supplement, as applicable, for the ETRACS ETN.**

UBS AG has filed a registration statement (including a prospectus and supplements thereto) with the Securities and Exchange Commission, or SEC, for the offerings of securities to which this communication relates. Before you invest, you should read the applicable prospectus, pricing or product supplement, dated as of various dates, and the most recent prospectus to understand fully the terms of the securities and other considerations that are important in making a decision about investing in the ETRACS. The applicable offering document for the ETRACS may be obtained by clicking on the relevant hyperlink identified above in the text of this press release. You may also get these documents without cost by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). Alternatively, you can request the applicable prospectus supplement, or product supplement and pricing 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.

The securities related to the offerings are not deposit liabilities and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency of the United States, Switzerland or any other jurisdiction.

## About UBS

UBS provides financial advice and solutions to wealthy, institutional and corporate clients worldwide, as well as private clients in Switzerland. UBS' strategy is centered on our leading global wealth management business and our premier universal bank in Switzerland, enhanced by Asset Management and the Investment Bank. The bank focuses on businesses that have a strong competitive position in their targeted markets, are capital efficient, and have an attractive long-term structural growth or profitability outlook.

UBS is present in all major financial centers worldwide. It has offices in 52 countries, with about 34% of its employees working in the Americas, 34% in Switzerland, 18% in the rest of Europe, the Middle East and Africa and 14% in Asia Pacific. UBS Group AG employs approximately 61,000 people around the world. Its shares are listed on the SIX Swiss Exchange and the New York Stock Exchange (NYSE).

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ETRACS ETNs are sold only in conjunction with the relevant offering materials. UBS has filed a registration statement (including a prospectus, as supplemented by the applicable prospectus supplement, or product supplement and pricing 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](http://www.sec.gov).

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