

ZKB Tracker Certificate Dynamic on Baryon US Equity Portfolio Sustainable Growth

14.07.2020 - Open End | Swiss Security Code 50 659 145

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)

Regulatory Notification

This product 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.

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 US stocks and a liquidity component. Liquid American options on US stocks can also be used. The option exposure is always covered - either through liquidity (for short puts) or through equity exposure (short calls). The liquidity component is held in USD cash or in the form of a USD money market ETF (liquidity management intent) and is less than 50% at all times. The ETF must have a CH distribution licence. 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 usually on a monthly basis. The Investment Manager considers only Underlying Components which provide sufficient liquidity and tradability. The Rebalancing is based on net prices of the Underlying Components (average of the net prices of the Underlying Components converted into the basket currency by the Issuer). The rebalancing period may be prolonged by the Issuer due to limited tradability. The current basket composition 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

Baryon AG, Zürich

Baryon AG is not subject to the prudential supervision of the FINMA and is supervised by the Self-regulatory organisation (SRO) Swiss Association of Asset Managers (SAAM).

The Investment Manager may not only act as distributor of the Structured Product and/or Investment Manager in relation to the Underlying but also as asset manager or financial advisor in relation to the investors in the Structured Products. This may lead to potential conflicts between the interests of the investors and the interests of the Investment Manager. The Investment Manager has taken all necessary measures to avoid such potential conflict of interest or, if such avoidance is not reasonably possible, will disclose such conflict of interest to the investors concerned.

Swiss Security Code/ISIN

50 659 145 (not listed)/CH0506591459

Notional Amount/Denomination/ Trading Units USD 35'000'000.00/USD 100.00/1 Structured Product or multiples thereof

Number of Structured Products Up to 350'000, with the right to increase

Issue Price **USD 100.00**/100.00% of Basket Value on the Initial Fixing Date

Currency USD

Underlying per Initial Fixing Date

Component	ISIN / Bloomberg	Related Exchange	*Currency / Initial Fixing Value	Weight in %	No. of Shares/ Amount
3D Systems Corp	US88554D2053/ DDD UN	New York Stock Exchange	6.88283	2.50	0.363223
Adobe Systems Inc	US00724F1012/ ADBE UW	NASDAQ	452.65789	2.50	0.005523
Advanced Micro Devices Inc	US0079031078/ AMD UW	NASDAQ	53.36800	2.50	0.046845
Alphabet Inc	US02079K1079/ GOOG UW	NASDAQ	1490.22350	2.50	0.001678
Amazon.Com Inc	US0231351067/ AMZN UW	NASDAQ	3058.46870	2.50	0.000817
Anaplan Inc	US03272L1089/ PLAN UN	New York Stock Exchange	49.96079	2.50	0.050039
Apple Inc	US0378331005/ AAPL UW	NASDAQ	375.59633	2.50	0.006656
Atlassian Corporation PLC	GB00BZ09BD16/ TEAM UW	NASDAQ GS	191.31059	2.50	0.013068
Broadcom Inc	US11135F1012/ AVGO UW	NASDAQ GS	317.38760	2.50	0.007877
Cisco Systems Inc	US17275R1023/ CSCO UW	NASDAQ	46.26694	2.50	0.054034
CrowdStrike Holdings Inc	US22788C1053/ CRWD UW	NASDAQ GS	107.31610	2.50	0.023296
Dynavax Technologies Corp	US2681582019/ DVAX UR	NASDAQ	8.46957	2.50	0.295174
Estee Lauder Companies Inc	US5184391044/ EL UN	New York Stock Exchange	191.56313	2.50	0.013051
Facebook Inc	US30303M1027/ FB UW	NASDAQ GS	239.67595	2.50	0.010431
FibroGen Inc	US31572Q8087/ FGEN UW	NASDAQ	42.64940	2.50	0.058617
Gilead Sciences Inc	US3755581036/ GILD UW	NASDAQ	76.50147	2.50	0.032679
Illumina Inc	US4523271090/ ILMN UW	NASDAQ	371.29649	2.50	0.006733
Intel Corp	US4581401001/ INTC UW	NASDAQ	59.16887	2.50	0.042252
Intuitive Surgical Inc	US46120E6023/ ISRG UW	NASDAQ	579.86647	2.50	0.004311
Lam Research Corp	US5128071082/ LRCX UW	NASDAQ GS	332.17982	2.50	0.007526
Medtronic PLC	IE00BTN1Y115/ MDT UN	New York Stock Exchange	92.08381	2.50	0.027149
Microsoft Corp	US5949181045/ MSFT UW	NASDAQ	210.73161	2.50	0.011863
Netflix Inc	US64110L1061/ NFLX UW	NASDAQ GS	497.64464	2.50	0.005024
NVIDIA Corp	US67066G1040/ NVDA UW	NASDAQ	398.05970	2.50	0.006280
Okta Inc	US6792951054/ OKTA UW	NASDAQ GS	206.52097	2.50	0.012105
Palo Alto Networks Inc	US6974351057/ PANW UN	New York Stock Exchange	235.83487	2.50	0.010601
PayPal Holdings Inc	US70450Y1038/ PYPL UW	NASDAQ GS	177.71665	2.50	0.014067
Pluralsight Inc	US72941B1061/ PS UW	NASDAQ	18.75131	2.50	0.133324
Proofpoint Inc	US7434241037/ PFPT UQ	NASDAQ	113.32570	2.50	0.022060

Rapid7 Inc	US7534221046/ RPD UQ	NASDAQ	52.19853	2.50	0.047894
Salesforce.com Inc	US79466L3024/ CRM UN	New York Stock Exchange	197.74966	2.50	0.012642
Splunk Inc	US8486371045/ SPLK UW	NASDAQ	199.51992	2.50	0.012530
Square Inc	US8522341036/ SQ UN	New York Stock Exchange	121.50822	2.50	0.020575
Stitch Fix Inc	US8608971078/ SFIX UW	NASDAQ	29.03405	2.50	0.086106
Thermo Fisher Scientific Inc	US8835561023/ TMO UN	New York Stock Exchange	381.18717	2.50	0.006558
Twilio Inc	US90138F1021/ TWLO UN	New York Stock Exchange	235.26528	2.50	0.010626
Veeva Systems Inc	US9224751084/ VEEV UN	New York Stock Exchange	248.58728	2.50	0.010057
VMware Inc	US9285634021/ VMW UN	New York Stock Exchange	148.20173	2.50	0.016869
Xilinx Inc	US9839191015/ XLNX UW	NASDAQ	101.51523	2.50	0.024627
Zscaler Inc	US98980G1022/ ZS UW	NASDAQ GS	115.99600	2.50	0.021552

* 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.

Option Strategy	<p>In the course of a Rebalancing, the Investment Manager has the possibility to use option contracts on US shares. This includes short positions in listed US vanilla call and put options. The Investment Manager chooses the parameters (strike, term) of the options used on a discretionary basis, but ensures sufficient liquidity. The term of the selected options must not exceed one year.</p> <p>Premiums received for short positions are credited to the cash position on the rebalancing day. On rebalancing days, short positions in put options may only be entered into to the extent that the maximum possible loss from all put option positions cannot exceed 100% of the value of the liquidity component valid at that time. Short positions in call options must always be fully covered by an existing equity position in the Underlying (covered call writing).</p> <p>In the course of a Rebalancing, the Investment Manager has the possibility to close out option positions early. The corresponding profit/loss from the closing out is offset against the cash position.</p>
Basket Value	USD 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.
Initial Fixing Date	7 July 2020 The Issuer has the right to expand the time period for the Initial Fixing if required by current market conditions e.g. liquidity.
Settlement Date	14 July 2020
Redemption right of the Issuer	The Issuer has the right to redeem the outstanding Structured Products semi-annually on the 15th day of December (fixing date; modified following), for the first time on 16 December 2020. On the fixing date, the redemption amount is determined, which is governed by the information under the section Redemption Method. The Issuer has the right to expand the time period for the Final Fixing if required by current market conditions e.g. liquidity. 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).
Initial Fixing Level	7 July 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.
Redemption Method	<p>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:</p> $Ratio * \left(\sum_{i=1}^N S_{i,T} * W_{i,T} \right) - Fees$ <p>where</p> <p>Ratio = 1</p> <p>$S_{i,T}$ = Value of the Component i of the Underlying on Final Fixing Date</p> <p>$W_{i,T}$ = Weighting of the Component i of the Underlying (number of Shares) on Final Fixing Date</p> <p>Fees = Annual Fee and Rebalancing Fees</p> <p>T = Final Fixing Date</p> <p>Negative interests could be charged on any potential Cash Components (overnight reference interest rate of the respective currency). This has a negative impact on the value of the structured product.</p> <p>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.</p>
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 1.50% under normal market conditions.

Annual Fee	0.35% 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 Issuer receives 0.35% p.a. and the Investment Manager receives 0.00% p.a. for their relevant duties.	
Rebalancing Fee	A Rebalancing Fee of 0.10% of the transaction value will be charged per Rebalancing.	
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/finanzinformationen	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	<p>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.</p> <p>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.</p>	
Documentation	<p>This document constitutes a Simplified Prospectus in accordance with article 5 of the Federal Collective Investment Schemes Act (the "CISA"). The Base prospectus of the Issuer dated 15 April 2020, published in German and approved as "SIX Swiss Exchange registered Base prospectus", complements this Simplified Prospectus. Structured Products will be issued as uncertified rights (Wertrechte) and registered as book entry securities (Bucheffecten) 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 Base prospectus 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.</p>	
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://www.zkb.ch/finanzinformationen 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

Basket		Redemption	
Value	Percent	ZKB Tracker Certificate Dynamic	Performance %
USD 40.00	-60.00%	USD 39.86	-60.14%
USD 60.00	-40.00%	USD 59.79	-40.21%
USD 80.00	-20.00%	USD 79.72	-20.28%
USD 100.00	0.00%	USD 99.65	-0.35%
USD 120.00	+20.00%	USD 119.58	19.58%
USD 140.00	+40.00%	USD 139.51	39.51%
USD 160.00	+60.00%	USD 159.44	59.44%

Source: Zürcher Kantonalbank

The performance of the ZKB Tracker Certificate Dynamic is analog to the performance of the Underlying less any Fees. Rebalancing Fees are not included in the table above.

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.

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 USD. If the investor's reference currency differs from the USD, the investor bears the risk between the USD 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 Base Prospectus, 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.

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 firm within the meaning of the Swiss Federal Act on Financial Institutions (FinlAG; SR 954.1), Zürcher Kantonalbank is subject to the prudential supervision of FINMA, Laupenstrasse 27, CH-3003 Bern, <https://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 Base Prospectus. 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, 7 July 2020