

UBS Dividend Builders

(Term Sheet Number: DB150526a)

Term Sheet dated 26 May 2015

Issued by UBS AG, Australia Branch

(ABN 47 088 129 613, AFSL number 231087)

This Term Sheet supplements the Master Product Disclosure Statement dated 17 October 2014 ("Master PDS") issued by UBS AG, Australia Branch ("UBS") in respect of UBS Dividend Builders to which this Term Sheet applies. This Term Sheet together with the Master PDS constitutes the Product Disclosure Statement ("PDS") for the offer of the Series of UBS Dividend Builders described below. You should read both the Master PDS and this Term Sheet (and any relevant supplementary disclosure statement) before making a decision to invest. Words defined in the Master PDS have the same meaning in this Term Sheet.

This Term Sheet relates to the offer of UBS Dividend Builders with the specifications set out below:

TABLE 1

Issuer:	UBS AG, Australia Branch
Offer period opens:	27 May 2015
Offer period closes:	12:00 pm (Sydney time) on the Final Maturity Date
Expected quotation date on the ASX:	In respect of FMGISJ and STOISJ, 28 May 2015 In respect of S3ZISJ, 10 June 2015
Series:	As specified in Table 2.
Underlying Parcel(s) and Share Issuer(s):	As specified in Table 2 for each Series. As at the date of this Term Sheet, each Underlying Parcel comprises one Underlying Share.
Annual Interest Date(s):	In respect of FMGISJ and STOISJ: 9 June 2015; 8 June 2016; and 8 June 2017 Please note that clause 10.2(c) of the Instalment Deed is not applicable to the Annual Interest Date of 9 June 2015 in respect of FMGISJ and STOISJ which means that the Series will not terminate even if the Loan Amount for the new Interest Period commencing from but excluding that Annual Interest Date is greater than the Closing Price of the Underlying Parcel on that Date. In respect of S3ZISJ: 8 June 2016; and 8 June 2017
Final Maturity Date:	8 June 2018
Loan Amount:	For each Series specified in this Term Sheet, the Loan Amount on the first day of quotation on the ASX is the amount listed as the "Initial Loan Amount" in Table 2. The Loan Amount will vary during the Term, for example due to the capitalisation of Interest Amounts on Annual Interest Dates. You can obtain the current Loan Amount for a Series by visiting www.ubs.com/investmentbuilders , www.asx.com.au or by contacting UBS on 1800 633 100.

Interest Amount and Interest Rate	The Interest Rate applicable to a Series specified in this Term Sheet is variable (including intraday). You can obtain the current applicable Interest Amount and Interest Rate for each Series by contacting UBS on 1800 633 100 or at www.ubs.com/investmentbuilders.
Adviser Group Fee:	You may agree to pay to your Approved Adviser Group and your Adviser an Adviser Group Fee (inclusive of GST) in connection with your Application for UBS Dividend Builders described in this Term Sheet. Please specify the amount of that Adviser Group Fee (if any) in Part J of your Application Form. The Adviser Group Fee may be charged as a fixed dollar amount of no more than \$7,500 (inclusive of GST) per Application. If the Adviser Group Fee is to be calculated as a percentage of the Purchase Price (for a Cash Applicant) or as a percentage of the Underlying Parcel price at the time of issue of the UBS Dividend Builders minus the Loan Amount at that time plus the Interest Amount prepaid at that time (for a Shareholder Applicant or Rollover Applicant) then the maximum Adviser Group Fee percentage is 3.3% (inclusive of GST). If you are a Retail Investor: - The Adviser Group Fee will be collected from you at the same time as the Purchase Price when you make a Cash Application. - If you make a Shareholder Application or Rollover Application then UBS will collect the Adviser Group Fee from you separately and will not deduct that amount from your Shareholder Cashback or include that amount in the calculation of your Rollover Surplus or Rollover Payment. If you are a Wholesale Investor: - The Adviser Group Fee will be collected from you at the same time as the Purchase Price when you make a Cash Application. - If you are not a superannuation fund trustee Applicant and you make a Shareholder Application or a Rollover Application then UBS will deduct the Adviser Group Fee from your Shareholder Cashback or include the fee amount when it calculates your Rollover Surplus / Rollover Payment (as applicable). - If you are a superannuation fund trustee Applicant and you make a Rollover Application then UBS will collect the Adviser Group Fee from you separately and will not include that amount in the calculation of your Rollover Surplus / Rollover Payment. Adviser Group Fees are not payable when you buy UBS Dividend Builders on ASX but your broker may charge you brokerage. Please refer to Part 9 of the Master PDS for more information on Fees.
Borrow Fee (applicable to Wholesale Investors only):	If you are a Wholesale Investor, UBS may charge a Borrow Fee in connection with processing your Application and providing the Loan. You can ascertain the applicable Borrow Fee by contacting your adviser or UBS. The Borrow Fee may be charged as a fixed dollar amount of no more than \$7,500 (inclusive of GST) per Application, or as a percentage of no more than 3.3% (inclusive of GST) of the Loan Amount per UBS Dividend Builder. Please specify the Borrow Fee applicable to your Application in Part J of the Application Form. Any Borrow Fee will be paid in addition to the Purchase Price when you buy UBS Dividend Builders as a Cash Applicant. Any Borrow Fee will be deducted from your Shareholder Cashback or included in the calculation of your Rollover Surplus or Rollover Payment when you buy UBS Dividend Builders as a Shareholder Applicant or Rollover Applicant (respectively).

	A Borrow Fee is not payable when you buy UBS Dividend Builders on the ASX, but your broker may charge you brokerage. Please refer to Part 9 of the Master PDS for more information on Fees.
Other payments to advisers (Wholesale Investors only):	If you are a Wholesale Investor, UBS may, if permitted by law: - pay your Approved Adviser Group a GST inclusive upfront fee of up to \$7,500 per Application or up to 3.3% of the Loan Amount per UBS Dividend Builder issued to you; and/or - pay your Approved Adviser Group a GST inclusive trail fee of up to 0.55% per annum of the Loan Amount per UBS Dividend Builder. Please contact your adviser if you have any questions regarding these fees.
Underlying Share Denomination:	Australian dollars
Initial maximum issue size:	10,000,000 UBS Dividend Builders per Series
Registrar:	Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney NSW 2000, Australia Phone: 1300 85 05 05 Website: www.computershare.com.au

Application has been made for the UBS Dividend Builders offered under this PDS to be admitted to trading status by ASX on the basis and on the conditions described in Table 1 above. UBS reserves the right to increase or decrease the issue size at any time during the offer period or to issue further UBS Dividend Builders without the consent of Holders, subject to making a further application to ASX.

There is no guarantee that the UBS Dividend Builders will be admitted to trading status. If a Series of UBS Dividend Builders is not admitted for trading status within 3 months of the date of this Term Sheet, then UBS will not issue any further UBS Dividend Builders in that Series under this PDS and any UBS Dividend Builders issued in that Series under this PDS will be void and any payments received by UBS from Applicants in respect of those UBS Dividend Builders will be returned (without interest) as soon as practicable to those Applicants.

TABLE 2

UBS Dividend Builder Series (ASX code)	Underlying Parcel	Share Issuer	Initial Loan Amount	Expected Loan Amount on 10 June 2015**
FMGISJ	One fully paid ordinary share	Fortescue Metals Group Ltd ("FMG")	\$1.05	\$1.10
STOISJ	One fully paid ordinary share	Santos Limited ("STO")	\$4.05	\$4.20

** Assuming there are no Corporate Actions or Early Maturity Date on or before 9 June 2015, this is the Loan Amount that will apply after completion of the Annual Interest Drawdown Procedure on 9 June 2015.

UBS Share Builder Series (ASX code)	Underlying Parcel	Share Issuer (and ASX code for Share Issuer)	Initial Loan Amount
S32ISJ	One fully paid ordinary share	South32 Limited ("S32")	\$1.20



Franking Credit Entitlement

The following comments should be read in conjunction with the Taxation summary in Part 8 of the Master PDS.

The net delta for each Series will change during the term of the UBS Dividend Builders, depending on market factors (primarily the price of the Underlying Parcel relative to the Loan Amount for that Series).

If the net delta is less than 0.3 when you acquire the UBS Dividend Builder then your interest in the Underlying Shares may not be "at risk" for the purposes of the "Qualified Persons Test". This is likely to impact your ability to claim an entitlement to any associated franking credits on the Underlying Shares. As UBS does not provide taxation advice, potential Investors and Holders should seek their own taxation advice in relation to the impact this may have on their own particular circumstances.



IMPORTANT INFORMATION

The information in this Term Sheet is general information only and does not take into account your investment objectives, financial situation or particular needs. Nothing in the Master PDS or this Term Sheet is a recommendation by UBS, UBS Securities or any other person in relation to the UBS Dividend Builders, any Underlying Shares, any Share Issuer or any other financial product.

You should reach an investment decision only after carefully considering, with your financial and taxation advisers, the suitability of the UBS Dividend Builders in light of your particular financial, legal and taxation circumstances, objectives and needs.

UBS does not accept any liability or responsibility for, and makes no representation or warranty, whether express or implied, as to the affairs of any Share Issuer included in this Term Sheet. You should obtain independent advice from a stockbroker or licensed financial adviser on the nature, activities and prospects of the Share Issuer and the merits of an investment in the Share Issuer or any Series of UBS Dividend Builders. You should not take the historical prices of any Security as an indication of future performance.

UBS disclosure of interests

UBS and its related bodies corporate may, in their absolute discretion, buy and sell Underlying Shares and UBS Dividend Builders, exchange traded options and other financial products relating to UBS Dividend Builders or Underlying Shares, either as principal or agent.

UBS and its related bodies corporate may also advise the issuers of Securities comprised in Underlying Parcels (for which it may receive fees and commissions) in relation to matters not related to the UBS Dividend Builders such as corporate advisory services, mergers and acquisitions, advisory and capital markets transactions.

UBS Wealth Management Australia Limited has been appointed Co-Lead Manager to the Offer and will be paid fees payable to 'Brokers' described in Section 10.8 of the Prospectus payable by the Joint Lead Managers on behalf of the Commonwealth.

DIRECTORY

Issuer

UBS AG, Australia Branch
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www.ubs.com/investmentbuilders

☎ 1800 633 100

Registrar

Computershare Investor Services Pty Limited
Level 3, Carrington Street
Sydney NSW 2000

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Security Trustee

UBS Nominees Pty Ltd
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