

UBS AG
Form 424B3
November 01, 2018

**Filed Pursuant to Rule 424(b)(3)
Registration Statement Nos. 333-225551
333-225551-01**

PROSPECTUS ADDENDUM

**(to Product Supplement dated November 14, 2014,
Amendment
No. 6, dated September 15, 2017, to Pricing
Supplement dated
October 16, 2012 and Prospectus dated October 31,
2018)**

UBS AG

UBS SWITZERLAND AG

ETRACS Monthly Pay 2xLeveraged Mortgage REIT ETN due October 16, 2042

This prospectus addendum relates to the series of outstanding Exchange Traded Access Securities entitled ETRACS Monthly Pay 2xLeveraged Mortgage REIT ETN due October 16, 2042 (the Securities), which was previously issued by UBS AG and is part of a series of debt securities entitled Medium Term Notes, Series A. This prospectus addendum and the original pricing supplement and product supplement will be used by UBS AG in connection with the continuous offering of the Securities. The Securities were initially registered, and all or a portion were initially offered and sold, under registration statements previously filed by UBS AG. When UBS AG initially registered your Securities, UBS AG prepared a pricing supplement (as amended or supplemented from time to time), referred to as the original pricing supplement, relating to the Securities. UBS AG also prepared a product supplement (as amended from time to time), referred to as the product supplement, dated as of November 14, 2014, which supplements and forms part of the original pricing supplement. The original pricing supplement, which is Amendment No. 6, dated September 15, 2017, to the pricing supplement dated October 16, 2012, and the product supplement were attached to a base prospectus, which has been replaced from time to time, most recently by a base prospectus dated December 27, 2017.

UBS AG has prepared a new base prospectus dated October 31, 2018. This new base prospectus replaces the base prospectus dated December 27, 2017.

Because, except as provided herein, the terms of your Securities otherwise have remained the same, UBS AG is continuing to use the original pricing supplement and product supplement. As a result, you should read the original pricing supplement and product supplement for your Securities, which give the specific terms of your Securities, together with the new base prospectus dated October 31, 2018. When you read these documents, please note that all references in the original pricing supplement and product supplement to the base prospectus dated as of a date prior to October 31, 2018, or to any sections of the prior base prospectus, should refer instead to the new base prospectus dated October 31, 2018, or to the corresponding section of that new base prospectus. In addition, please note that

instead of using the website links in the original pricing supplement and product supplement to the base prospectus dated as of a date prior to October 31, 2018, you should use the following website link to access the new base prospectus dated October 31, 2018:

<http://www.sec.gov/Archives/edgar/data/1114446/000119312518314023/d612032d424b3.htm> .

Please also disregard the table of contents for the base prospectus as of a date prior to October 31, 2018 that is provided in the original pricing supplement and product supplement. A table of contents for the new base prospectus is provided on page i of the new base prospectus.

Supplemental Risk Factor Disclosure

Differences between the Securities and Bank Deposits

An investment in the Securities may give rise to higher yields than a bank deposit placed with UBS or with any other investment firm in the UBS Group (a UBS Bank Deposit). However, an investment in the Securities carries risks which are very different from the risk profile of a UBS Bank Deposit. The Securities are expected to have greater liquidity than a UBS Bank Deposit since UBS Bank Deposits are generally not transferable. However, the Securities may have no established trading market when issued, and one may never develop. Investments in the Securities do not benefit from the protection provided pursuant to Directive 2014/49/EU of

the European Parliament and of the Council of the European Union on deposit guarantee schemes or any national implementing measure implementing this Directive in any jurisdiction. Therefore, if we become insolvent or default on our obligations, investors investing in such Securities in a worst case scenario could lose their entire investment. Further, if UBS experiences financial difficulties, the Swiss Financial Market Supervisory Authority has the power to open resolution or liquidation proceedings or impose protective measures in relation to UBS Group AG, UBS AG or UBS Switzerland AG, and holders of the Securities may be subject to write-down or conversion into equity on any application of the general bail-in tool and non-viability loss absorption, which may result in such holders losing some or all of their investment.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II); (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the Insurance Mediation Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the Prospectus Directive). Consequently no key information document required by Regulation (EU) No 1286/2014 (the PRIIPs Regulation) for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UBS AG, UBS Securities LLC, UBS Financial Services Inc. or any affiliate of UBS AG may use this prospectus addendum, together with the original pricing supplement and product supplement and the new base prospectus, in connection with offers and sales of the Securities in market-making transactions. Please see Supplemental Plan of Distribution in the original pricing supplement and product supplement and Plan of Distribution in the new base prospectus.

UBS Investment Bank

UBS Financial Services Inc.

Prospectus Addendum dated October 31, 2018