

## **Expansion of partnership with Raiffeisen and acquisition of Vescore by Vontobel**

30 June 2016

## Cautionary statement regarding forward-looking statements

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This document may contain projections or other forward-looking statements related to Vontobel that are subject to known and unknown risks, uncertainties and other important factors. These projections and forward-looking statements reflect management's current views and estimates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Vontobel's future results may vary materially from the results expressed in, or implied by, the projections and forward-looking statements contained in this document. Potential risks and uncertainties include, in particular, factors such as general economic conditions and foreign exchange, share price and interest rate fluctuations as well as legal and regulatory developments. Vontobel has no obligation to update or alter its forward-looking statements based on new information, future events or other factors.

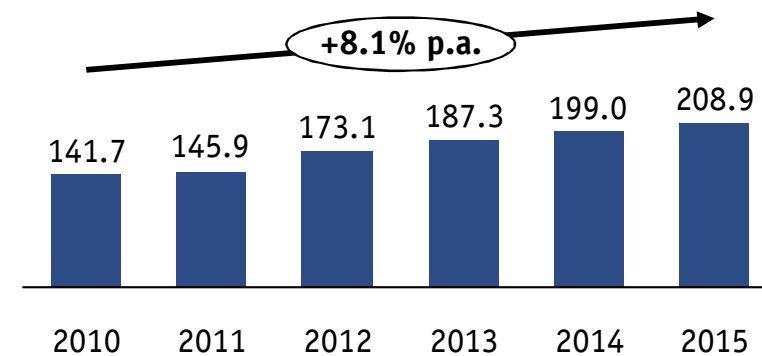
## Raiffeisen is a leading Swiss retail bank with a clear ambition to further develop its business with investment clients

### Raiffeisen Group (Switzerland)

# RAIFFEISEN

Raiffeisen is a leading Swiss retail banking group<sup>1</sup>

- Fully owned by 1.9 million cooperative members in Switzerland
- Dense network across Switzerland with 292 legally autonomous banks and a total of 994 point of sales
- 11,046 employees serve 3.7 million clients
- Leading player in the Swiss mortgage market with a market share of 16.9%
- Client assets under management of CHF 208.9 billion (including client deposits)
- Raiffeisen labelled mutual funds have CHF 7.9 billion<sup>2</sup> of assets
- "We want to expand our core business – especially with investment and corporate clients" (Patrik Gisel, CEO Raiffeisen)

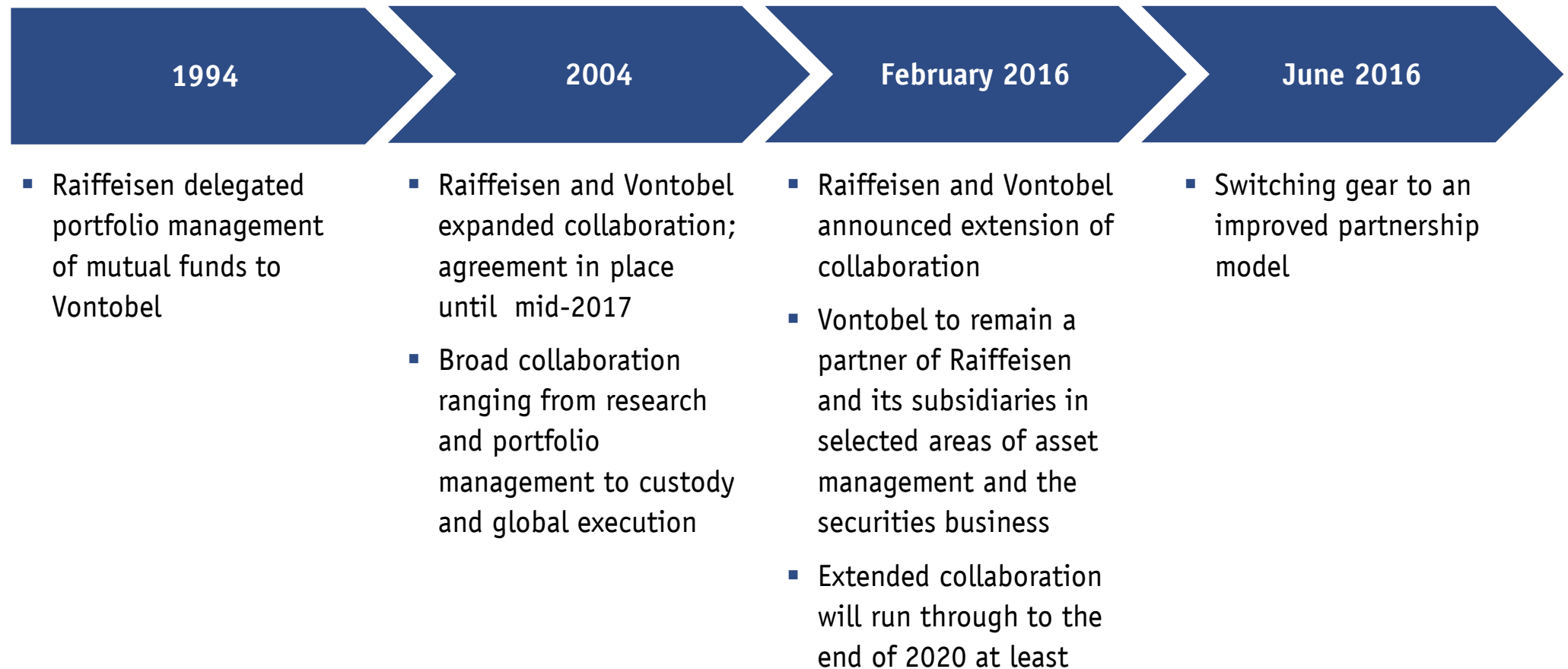


■ Client assets under management (including client deposits), in CHF bn

<sup>1</sup> figures at end-2015    <sup>2</sup> mutual funds managed by Vontobel at end-May 2016  
Source: Raiffeisen Group Annual Reports 2010-2015

## For over two decades, Raiffeisen has focused on its core competencies and worked with Vontobel to deliver the best possible service to its clients

### Historical development of partnership since 1994



# Successful partnership between Raiffeisen and Vontobel extended beyond 2020 – Vontobel to acquire Vescore

## Expansion of partnership

- To satisfy growing and rapidly changing client needs, Raiffeisen and Vontobel have agreed to deepen their collaboration in asset management
- Raiffeisen is to focus on providing comprehensive advice to clients and driving forward its growth strategy in the investment business<sup>1</sup>
- Vontobel is to supply its expertise in global asset management to Raiffeisen and to support the investment process and distribution
- In addition, Vontobel will continue to manage mutual funds for Raiffeisen (CHF 7.9 billion in AuM<sup>2</sup>)

# RAIFFEISEN

## Acquisition of Vescore

- In the context of their expanded partnership, Vontobel will acquire Raiffeisen's Assets Management subsidiary Vescore
- Vescore complements Vontobel's multi-boutique set-up
- Vescore's core investment solutions focus on sustainable and quantitative investments

# vescore:

<sup>1</sup> Raiffeisen marketing campaign on investment business: <https://youtu.be/R5vtGzwqa6A>

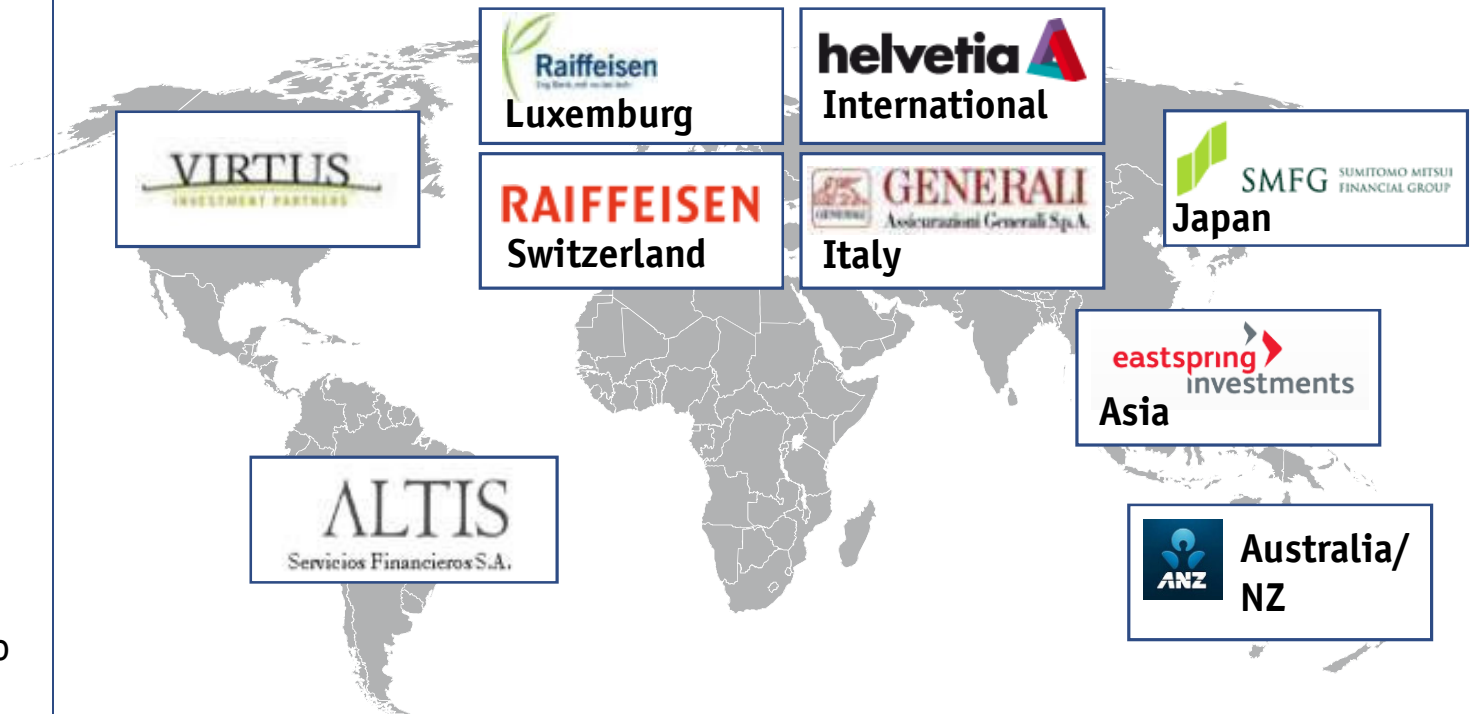
<sup>2</sup> at end-May 2016

## Expansion of partnership with Raiffeisen based on Vontobel's compelling asset management offering for financial institutions

### Vontobel's offering for asset management partners

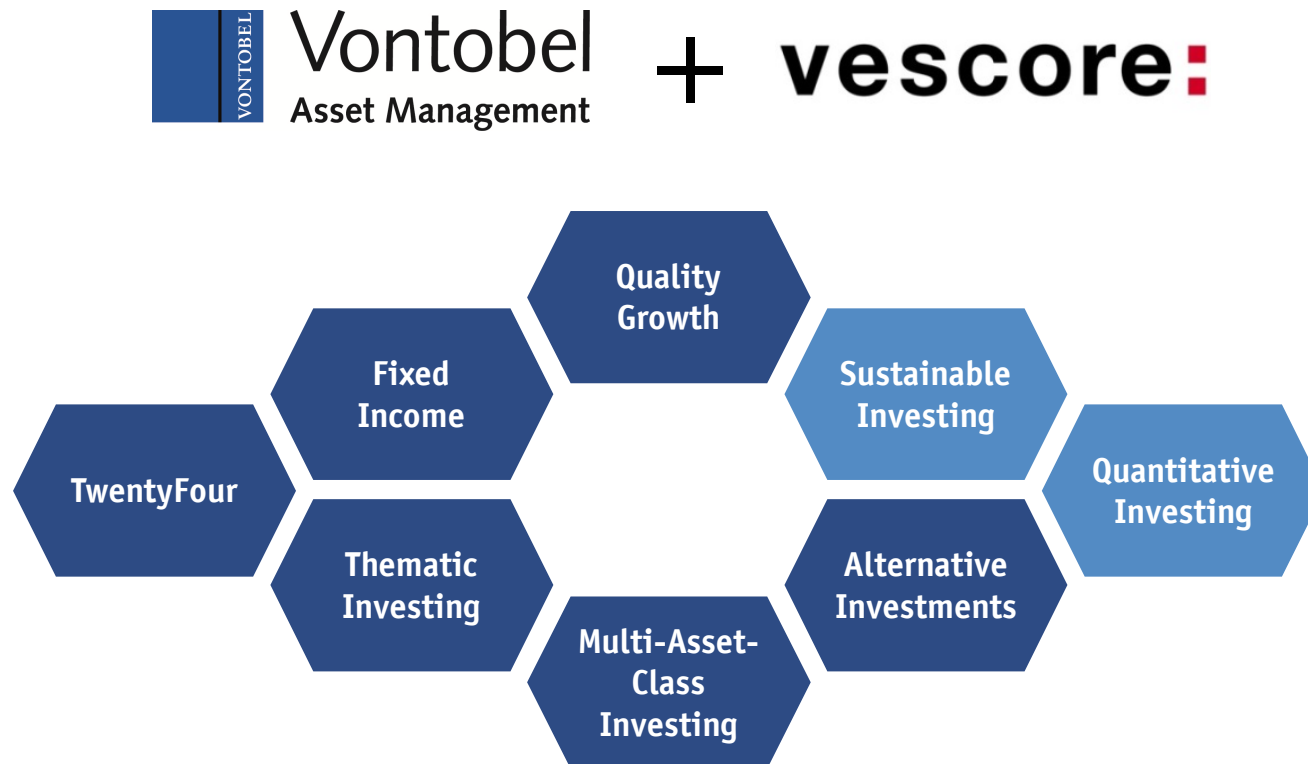
- Distinctive offering for financial institutions focusing on core competencies such as client relationships and advisory, marketing, communication and distribution
- Vontobel offers flexible asset management services depending on client needs
- All-inclusive services range from asset allocation to management of mandates and mutual funds
- Targeted services can also be selected, such as research, portfolio advisory and sales support

### Partners across the globe rely on Vontobel's offering



## Vescore ideally complements Vontobel Asset Management's product offering

### Combined product offering



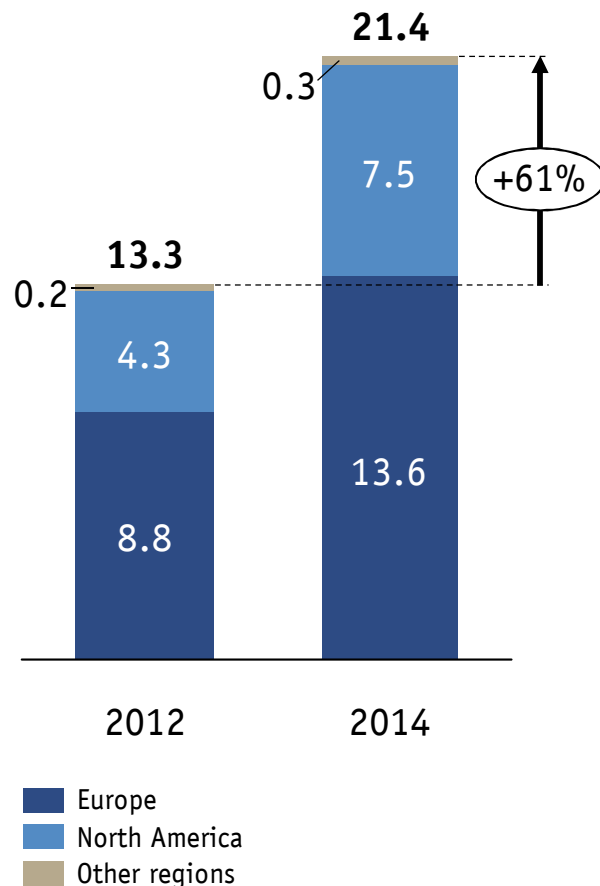
### Good cultural fit

- Sustainable Investing and Quantitative Investing strategies complement existing product offering
- Vontobel Asset Management's multi-boutique set-up is the 'natural home' for the two new Vescore investment hubs
- Vescore's boutique leadership has committed to join Vontobel Asset Management
- Independence of investment processes and organizational stability are key values of Vontobel Asset Management

## Sustainable and quantitative investments are attractive solutions – strong demand for sustainable investments coming from Europe

### Market for sustainable investments

#### Sustainable investments<sup>1</sup> (USD tn)



- Increasing public and regulatory pressure to address sustainability issues (e.g. climate change and governance)
- Greater awareness among investors of sustainable investments
- Growing demand for transparency on investments

### Market for quantitative investing

- Quantitative investing is based on cutting-edge mathematical and statistical methods
- Significant involvement of academics given continuous development and complexity of methods applied
- Risk management is a key element to deliver attractive risk-adjusted returns
- Quantitative solutions can play a meaningful role in larger portfolios given their specific characteristics
- “Globally, there is at least USD 1,000 billion invested in quant strategies, and probably double that” (Financial Times)

<sup>1</sup> comprising the following activities and strategies: Negative/exclusionary screening, positive/best-in-class screening, norms-based screening, integration of ESG factors, sustainability-themed investing, impact/community investing, and corporate engagement and shareholder action

Source: Global Sustainable Investment Review 2014, Financial Times



## Vescore has a long track-record of successfully managing sustainable and quantitative investments

### Vescore's profile

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- In-depth expertise in the areas of sustainable, quantitative and bottom-up equity investments
- Client solutions comprise equity, bond, balanced and managed futures strategies, tailored overlays on risk management or tactical asset allocation and multi-asset strategies
- Clients are mainly institutional
- Investment strategies are continuously enhanced through close collaboration with renowned academic institutions, e.g. University of St. Gallen, University of Basel and 'Technische Universität München'
- Vescore has advised client assets of CHF 15 billion; core portfolios comprise around CHF 9 billion of sustainable and quantitative investments

### Sustainable investments

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- Pioneering investment team with long experience in sustainable investing (since the 90s)
- Clear commitment to sustainable investments underscored by membership to 'Forum Nachhaltige Geldanlagen' and 'Swiss Sustainable Finance' (founding member)
- 20 investment professionals

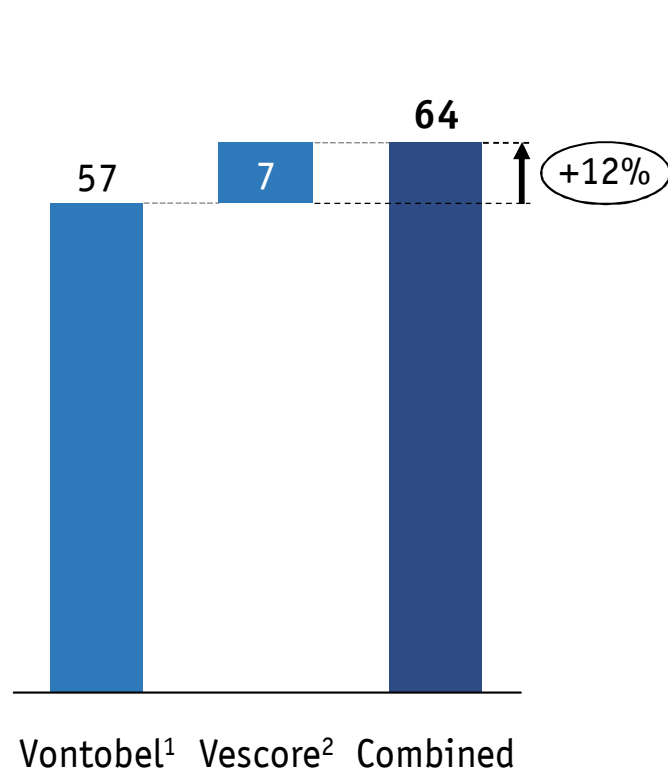
### Quantitative investments

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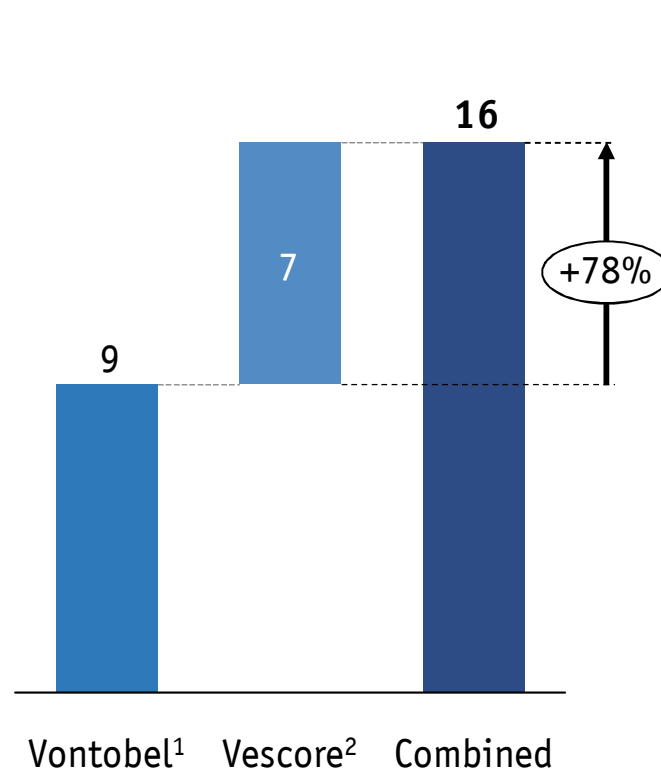
- Sophisticated methods for investing and risk management
- Products with attractive returns (Shape ratio of 0.6-0.7 over last three years)
- Member of Inquire Europe
- 30 investment professionals

# Acquisition of Vescore strengthens Vontobel's footprint in Switzerland and significantly enhances access to German market

## Home market Switzerland



## Focus market Germany



## Comments

- Vescore has advised client assets of CHF 15 billion, mainly from Swiss and German clients
- Vescore's large footprint and strong reputation in Germany significantly enhances Vontobel's market access
- Vontobel's global distribution network can be leveraged to distribute Vescore products

■ Advised client assets by client domicile, in CHF bn

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<sup>1</sup> at end-2015

<sup>2</sup> at end-May 2016

## Vontobel offers a credible home for sustainable investing – sustainable investments amount to CHF 9 billion

### Vontobel's focus on corporate sustainability

- Vontobel has demonstrated a sustainable approach to business since it was established in 1924
- Active member of several organizations and networks that focus on sustainability; signed up to UN Principles for Responsible Investment in 2010



- Commitment to sustainability clearly communicated in Sustainability Report, published since 2006; Vontobel has been climate neutral since 2009
- Renowned agencies recognize Vontobel's commitment to sustainability – Sustainalytics rated Vontobel 'industry leader' in 2015



### Sustainable investing at Vontobel and Vescore

- Vontobel and Vescore both have a long track-record of managing sustainable investments
- Vontobel and Vescore actively manage a total of CHF 9 billion of sustainable investments for clients
- Vontobel has been offering sustainable investment solutions since 2001
- Vontobel's Cleantech Fund was named 'Best Environmental Fund 2015' and ranked first in the category 'Natural Resources Equity' (2015 Specialist Investment Awards)



## Transaction creates value for Vontobel shareholders

- Vontobel will continue to provide asset management services to Raiffeisen beyond 2020. This comprises the management of selected asset management products representing a total of CHF 7.9 billion of AuM. The extended partnership safeguards Vontobel's future operating income and enables Vontobel to contribute to Raiffeisen's plan to significantly grow its investment business
- Vontobel will acquire Vescore with advised client assets of CHF 15 billion; the core portfolios comprise around CHF 9 billion of sustainable and quantitative investments. The gross margin is considerably lower than Vontobel Asset Management's margin, given the almost pure institutional focus and overlay strategies
- Synergies are to be realized by leveraging Vontobel's global distribution network and scalable operating platform
- Positive impact on CIR after completion of integration
- Vescore's P&L will be recognized in Vontobel's P&L from closing (third quarter of 2016, pending regulatory approval). The contribution to net profit is expected to be positive as from 2018
- Cumulative charges related to the acquisition of Vescore will total around CHF 25 million after tax in 2016/2017. Integration costs will be booked in the Corporate Center
- Total costs<sup>1</sup> related to the acquisition will impact Vontobel's capital ratio by 1-2 percentage points and can be financed through Vontobel's strong capital position
- Total return on investment significantly exceeds target return on equity of 10%

<sup>1</sup> purchase consideration, integration costs and capital required to cover risk-weighted assets

## Strong business rationale for expansion of partnership with Raiffeisen and acquisition of Vescore

### Benefits of expanded partnership and acquisition of Vescore

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- Clients benefit from improved set-up
  - Both partners focus on their core competencies and Raiffeisen leverages Vontobel's global investment expertise to provide an excellent service to its clients
  - Clients of Vescore and Vontobel benefit from the increased global investment competence of the combined unit in an environment in which they have growing investment needs
  - Vontobel is to deliver best-in-class services based on its global investment expertise and state-of-the-art digital technology to Raiffeisen
- Vontobel continues to serve Raiffeisen beyond 2020 and to manage Raiffeisen funds with assets currently totaling CHF 7.9 billion<sup>1</sup>
- Vontobel Asset Management's multi-boutique set-up is the 'natural home' for the two new investment hubs of Vescore and its CHF 15 billion of advised client assets
- Vescore's large footprint and strong reputation in Germany will significantly enhance Vontobel's market access to this focus market

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<sup>1</sup> at end-May 2016

Thank you for your attention.

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