

**“We have a clear ambition:
By 2030, Vontobel wants to
rank among the leading
and most respected investment
firms in all its markets.”**



Herbert J. Scheidt
Chairman of the Board of Directors

Dr Zeno Staub
Chief Executive Officer

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Shareholders' letter

Dear shareholders and clients

Vontobel achieved further growth in 2020. The strong demand for our investment products in an environment marked by an increasing global need for investments was once again one of the main drivers of this trend. Overall, this resulted in very good growth in net new money of CHF 14.8 billion or 7.4%, significantly exceeding the target range of 4–6%. Looking back at conditions in the first year of the corona pandemic, this represents a particularly commendable result – especially since broad-based inflows were generated across all of Vontobel's businesses. At the same time, advised client assets – which were lower at the end of the first half of 2020 than at the start of the year – grew by 10% to CHF 248.2 billion compared to the end of 2019 (CHF 226.1 billion). In addition to the international client-centric distribution of products and services, this growth was driven primarily by Vontobel's high level of investment expertise, which is embodied by our globally active investment specialists. With their know-how, they made a decisive contribution to Vontobel's achievement of above-market growth across all asset classes – despite difficult markets with high levels of uncertainty due, in particular, to the ongoing pandemic. The high quality of Vontobel's investments is underscored by its good position in the relevant rankings: 69% of all Vontobel funds rated by Morningstar are in the first or second quartile based on a three- to five-year investment horizon.

Vontobel already made targeted investments in its global investment expertise in the past and will continue to do so in the future. We further strengthened our investment teams in 2020 through new hires. This included the hiring of a China A-Shares research team in Hong Kong, thus building new investment expertise as part of our growth strategy for Asia. We also further expanded our knowhow in the area of quantitative investments.

Developments in 2020 – a year dominated by the pandemic – have confirmed to Vontobel that it is pursuing the right strategy by realigning itself as a client-centric firm with a high level of investment expertise and technology knowhow. The pressure on interest rates further intensified in the first half of 2020 in particular and interest rates are not currently expected to increase again soon. Our clients' need for investment solutions that go beyond traditional savings is therefore continuing to grow.

With its new set-up, Vontobel is now even better positioned to meet these needs with the highest level of professionalism and quality. Further, the corona crisis has led to a change in the use of digital communication channels

by our clients. Our new set-up – with Vontobel's already considerable level of technology knowhow – means that we are also very well placed to satisfy these needs.

With its clear focus on client needs, its investment expertise and technology knowhow, Vontobel is today already very well positioned. Our clients trust us and this is reflected by a constant net inflow of new money. We are ready to serve our institutional clients with our specialized, rapidly growing investment boutiques as well as our powerful platforms. We serve our private clients from 26 locations around the globe – in our Swiss home market and in Europe, North America and Asia – as well as via a range of digital channels. Our clear strategic focus on investment expertise and on delivering benefits for our clients means that we generate 80% of our operating income from advisory, wealth and asset management services. This strategic focus also means that Vontobel is not active in the field of corporate lending. Unlike other providers, we are therefore also not exposed to the risk of defaults on corporate loans as a result of the corona crisis. To achieve stable growth, we have taken very targeted steps over the years to focus Vontobel's business model on recurring income from the advisory, wealth and asset management business and less on trading income. We are thus reducing the risk of fluctuations in our income as a result of potential volatility in the financial markets. We also pursue a conservative risk policy in the lending business with wealth management clients.

Capital position remains robust

Our stability and financial solidity are also demonstrated by our robust capital base. Vontobel continues to have a secure capital position with a CET1 capital ratio of 13.8% (end-2019: 13.5%) and a Tier 1 capital ratio of 19.8% (end-2019: 19.9%). Both ratios continue to substantially exceed the regulatory minimum requirements defined by FINMA of 7.8% for the CET1 capital ratio and of 12% for the Total Capital Ratio.

A good result

With stable operating income of CHF 1,266 million (2019: CHF 1,262 million) and low and rigorously managed costs, Vontobel achieved a good result in 2020. The investment firm increased its pre-tax profit by 5% to CHF 321.0 million (CHF 306.7 million). Adjusted for one-off impacts of CHF 5.5 million, pre-tax profit was also 5% higher than in the previous year. One-off impacts include costs for the realization of synergies from the realignment announced in December 2019. In addition, currency effects had an adverse impact on our profit, which is reported in Swiss

francs. The result after taxes of CHF 259.4 million for 2020 was slightly below the figure for the previous year (CHF 265.1 million), since Vontobel benefited from tax relief in various countries in 2019.

The cost/income ratio improved from 75.6% to 74.1% despite additional corona-related expenses. Vontobel's self-imposed target of a cost/income ratio of less than 72% was not met. The return on equity of 13.3%, which represents a good result overall, was slightly below Vontobel's own ambitious target of at least 14%. We have always emphasized that we do not want to miss out on long-term growth opportunities in order to optimize costs in the short term. However, Vontobel will actively manage costs in the future with a view to achieving its own self-imposed targets.

Vontobel proposes attractive dividend of CHF 2.25 in line with previous year

In view of the good overall business results, the Board of Directors will propose a dividend of CHF 2.25 per share – unchanged from the previous year – to the General Meeting of Shareholders on April 20, 2021. In the previous year, Vontobel increased the dividend by 7%. Over the last ten years, the distribution per share has never been reduced and the dividend has more than doubled over that period. Overall, our shareholders have benefited from dividend payouts and share repurchases of around CHF 1.3 billion over the last decade.

Business with asset management clients remains strongest driver of growth

The business with institutional clients in the Asset Management and Platforms & Services units performed well in the last financial year, with asset management solutions once again emerging as the strongest driver of growth. Vontobel today ranks as one of the top 10 active mutual fund managers in Europe measured on the basis of funds distributed. In our Swiss home market, we rank as one of the four largest asset managers. Vontobel has made targeted investments in the global sales organization. A new office was opened in Japan in 2020. We also built a team that will cooperate even more intensively than before with major globally active banks in their role as a distribution partner. Good products and a globally active team of client-centric asset management advisors formed the basis for growth that far exceeded the market average. In total, Vontobel Asset Management recorded CHF 9.5 billion of net new money, corresponding to growth of 7.8% and significantly exceeding the target range of 4–6%. In 2020, assets under management increased by 11% to CHF 134.6 billion compared to the previous year and have thus more than trebled over the last decade. In 2020,

there was a particularly strong increase in the demand for fixed income solutions from TwentyFour Asset Management and for products from the Vescore boutique that specializes in quantitative solutions. The Sustainable Equities boutique once again emerged as an engine of growth, attracting CHF 4.1 billion or 43% of the net new money in Asset Management.

As a high-conviction asset manager, Vontobel has been able to defend its good margins to the largest possible extent in recent years and thus also the quality of its income in Asset Management – contrary to the industry-wide trend. In the year under review, Asset Management achieved a gross margin of 42 basis points, which represents a good result compared to the competition. In the previous year, the gross margin was 45 basis points. Operating income rose by 1% to CHF 514.6 million compared to 2019.

Our strong, globally active Asset Management sales team will continue on its growth path – placing a particular focus on the Asian and North American markets, as well as the Global Banks client group. In spring 2020, Vontobel already announced its intention to increase its participation in the asset management boutique TwentyFour Asset Management LLP in the course of 2021.

After ten successful years, Axel Schwarzer (aged 62), who had operational responsibility for Asset Management, and thus also for sales and the investment boutiques, stepped down from his role on January 1, 2021, as planned. Axel Schwarzer, who joined Vontobel as Head Asset Management in 2011, will retain his ties to the company through his role as Chairman of the Supervisory Board of Vontobel's subsidiary TwentyFour Asset Management.

Vontobel will pursue the same successful multi-boutique approach going forward. In line with Vontobel's strategy to become a client-centric investment firm, the investment boutiques now report directly to CEO Zeno Staub.

In the Asset Management Client Unit, which serves institutional investors and intermediaries worldwide, complete continuity has also been ensured. Marko Röder, a proven asset management expert, took over the running of this Client Unit at the start of the year. He has more than 20 years of industry expertise – including 13 years at Vontobel – and has served as Global Head of Sales at Vontobel Asset Management since July 2011.

Platforms & Services on steady growth path

Platforms & Services, the second area of business with institutional clients, continued on its growth path – generating growth in net new money of 7.8% or CHF 1.1 billion (CHF 0.5 billion) and increased turnover on its platforms. We support financial intermediaries such as External Asset Managers (EAMs) and banks with our proven platforms such as deritrade – one of the leading multi issuer platforms for structured products – as well as EAMNet and Plug'n'Trade. In this area, Vontobel benefited from the large transaction volumes in the markets in spring 2020, which subsequently normalized in the course of the year. Operating income totaled CHF 152.3 million and was thus in line with the good result for the previous year (CHF 150.9 million). Despite the general pressure on margins in the business with financial intermediaries, Vontobel achieved a gross margin of just over 50 basis points (2019: 50 basis points) in the business with EAMs, which accounts for around half of operating income in this Client Unit. Platforms & Services has identified further growth potential in Asia and Germany in particular.

Wealth Management attracts strong net new money

The business with wealth management clients and private clients who interact with Vontobel via digital channels also achieved a pleasing performance. Wealth management clients entrusted CHF 3.8 billion of new money to Vontobel, which corresponds to strong growth in net new money of 6.3%, compared to 0.1% in the previous year. After private investors refrained from making additional investments in the first half of 2020 due primarily to the corona situation, a catch-up effect was visible in the second half of 2020, resulting in strong net inflows of new money. Following the hard lockdown, clients – especially those in Vontobel's Swiss home market and in Europe – looked for new investment opportunities as from third quarter. In 2020, our wealth management clients benefited from good performance relative to the market and the competition. We continued to offer our expertise to our clients across all our markets at all times during 2020, a year marked by exceptional conditions, serving them in person or via state-of-the-art and secure digital communication channels. With a new digital onboarding process, it is possible to open new client relationships even during periods of social distancing. Under these circumstances, however, our main focus has been on deepening existing client relationships. In addition, we further strengthened and expanded our advisory team in 2020. This included the opening of a new advisory center in Milan for Italian wealth management clients. We also further enhanced our pensions knowhow with a new team of specialists.

Our expanded, attractive and client-centric offering and good performance are reflected by the financial results reported by Wealth Management. Despite the general pressure on margins, negative interest rates and the large amount of cash that clients continue to hold, Wealth Management generated a gross margin of 73 basis points (2019: 74 basis points), which represents a good overall result. With the volume of client transactions declining as markets grew calmer, the gross margin normalized at a high level in the course of the year. Operating income was stable at CHF 423.6 million compared to the previous year (CHF 429.2 million). Vontobel Wealth Management will continue to benefit from the growing need for investments in the future. We anticipate that the attractiveness to clients of active wealth and asset managers like Vontobel will continue to increase at a time when markets are not aligned, as those clients seek to make the best possible use of investment opportunities. It is also evident that the international political environment is driving the desire for regional diversification among clients. Additional growth opportunities are also emerging for Vontobel as a result of its increased focus on the ultra-high-net-worth-individuals (UHNWI) client group.

Digital Investing

Our business with private clients who primarily access Vontobel's expertise via digital channels also achieved growth. Vontobel expanded its market share in the business with derivative products both in its Swiss home market and in the key international focus markets of Germany and Italy. The very volatile markets in spring 2020 in particular led to increased demand for leverage products among private investors in the first half of the year, with demand normalizing in the course of 2020. Especially during months with high transaction volumes, Vontobel benefited from its past investments in its technical systems. In the "corona year" 2020, when trading activity reached a record level, the stability of our systems and the resulting security of transactions at all times was an important competitive factor. With our Digital Investing unit, we were able to provide our clients with a full service offering at all times.

Cosmofunding, the digital platform for private placements and loans for Swiss companies and public-sector bodies, also performed well. In fall 2020, the first digital public bond was issued via the Vontobel platform in the Swiss market. In total, around CHF 6.3 billion of private placements and loans have been issued via cosmofunding since its launch in October 2018.

Operating income in Digital Investing rose by 14% to CHF 183.5 million compared to 2019 (CHF 160.9 million).

Vontobel will continue to work on expanding existing platforms and on building modern digital solutions – systematically integrating the experience gained from its existing digital offerings.

Ambitious targets extended to 2022

Vontobel will continue to pursue its growth strategy in a focused manner in 2021. We have a clear ambition: By 2030, Vontobel wants to rank among the leading and most respected investment firms in all its markets. To achieve this, we have extended our ambitious 2020 mid-term targets to 2022. Although our operating environment has deteriorated as a result of the corona pandemic, Vontobel wants to achieve overall business growth of 4–6% each year. To realize this goal, we are also continuing to strive for ambitious growth in net new money of 4–6% annually. We will pursue our investments in growth. We are targeting a return on equity of at least 14% and a cost/income ratio of less than 72% each year. Vontobel will focus on five priorities in this context:

1. Deliver the Vontobel experience
2. Deliver a pure-play investment firm to all clients
3. Deliver on tipping points to our future growth ambition
4. Deliver the power of technology, data & analytics
5. Deliver a great place to work for people who want to excel

All of these priorities are being implemented through specific projects and translated into growth.

At the same time, Vontobel's financial stability will be preserved, with a CET1 capital ratio of over 12% and a Total Capital Ratio of over 16%. It is also intended that shareholders will continue to participate in Vontobel's success with a payout ratio of at least 50%.

We had to say goodbye

Enrico Friz, General Counsel of Vontobel since 2017 and a member of the Executive Committees of Vontobel Holding AG, passed away unexpectedly in January 2021. With his great expertise and strong judgment, Enrico Friz played a significant role in the positive development of Vontobel over the past few years. We owe him a great debt of gratitude and will always honor his memory. The Board of Directors, the Global Executive Board and all employees are deeply saddened by his death and extend their deepest sympathy to his family. Thomas Heinzl, CFO, and Felix Lenhard, COO, will take over the lead of Legal & Compliance until further notice.

2021: Identifying relevant risks, seizing the right opportunities

2020 and the first few weeks of 2021 show that Vontobel is well on its way towards realizing its extended, challenging targets and its ambition. In 2021, Vontobel will once again seize the opportunities that arise with a continued focus on generating organic growth and maintaining its solid capital position. Acquisitions may serve as a means of rounding out its portfolio in the future, with its strong capital base giving it the necessary financial flexibility to achieve this.

2021 will be another year marked by uncertainty. The corona pandemic and its economic fallout will once again present challenges for the markets and consequently also for investors this year. Continued low interest rates and various geopolitical uncertainties will also create challenges. Consequently, it will be even more crucial to identify relevant risks and to seize the right opportunities – this is what distinguishes Vontobel as an active investment manager. Vontobel's employees also set Vontobel apart and we owe them considerable thanks this year for their enormous efforts to serve our clients in these exceptional times. We also wish to thank our clients and our shareholders for their trust in Vontobel.



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