

Interview on the occasion of the 38th Ordinary General Meeting of Shareholders

Zurich, April 20, 2021

Dr Zeno Staub, Chief Executive Officer



“The opportunities for growth are enormous despite corona. We want to seize them.”

Dr Zeno Staub
CEO Vontobel

The world is still a very different place in 2021. In year 2, the corona virus continues to influence our lives at work and at home. Hygiene measures and social distancing rules mean that it is impossible to hold the usual General Meetings, where companies and their shareholders come together to engage in a dialogue and reach important decisions.

In the following interview, we therefore invite Zeno Staub, CEO Vontobel, to answer the questions that are normally put to him by shareholders during investor meetings.

— Mr Staub, can you begin by telling us what you miss most during corona times?

Speaking to people in person and engaging in spontaneous discussions – both in my private and professional life. Technology provides discipline and we don't need to travel when we want to talk to someone – a camera and a headset with a microphone are all that is needed. But if we are honest, videoconferences are no long-term substitute for personal discussions where you look one another in the eye. They cannot replace the few words you exchange with other people at an event – in a completely spontaneous manner and without an agenda – or the drinks reception with our shareholders after the formal part of the General Meeting when we can have

good discussions about Vontobel. In this respect, I hope that 2021 will be the final year in which we are confronted with these exceptional circumstances due to corona.

— **Looking back at the last financial year, how would you rate it?**

2020 was a good year for Vontobel, despite all of the difficulties created by corona. In particular, we generated a very good net inflow of new money with growth of 7.4%, which far exceeded our target range and confirmed the effectiveness of our strategy as a focused, pure-play client-centric investment manager.

— **Vontobel positioned itself as an investment manager in 2020. How far have you come with the transformation process?**

In organizational terms, we laid all of the foundations last year. Internal surveys also show that the direction we are taking is widely supported by employees. And the feedback from our clients has also been entirely positive. With the realignment of Vontobel, we have further intensified our focus on our clients. As a pure-play investment manager, we are always positioned on their side and take the client view. This also means that our core competency – our global active investment knowhow – takes center stage. Investment expertise, the understanding of our clients, state-of-the-art processes, both analogue and digital, are the main factors that we want to use to deliver an exceptional client experience combined with good returns over the long term.

— **How sustainable is the net inflow of new money in Wealth Management and Asset Management?**

We have set ourselves clear targets – including annual growth in net new money of 4–6%. As we have seen in the past, this is an ambitious but perfectly achievable goal. We also know that we will naturally not reach that target every quarter and that our business with institutional clients sometimes grows more rapidly than the business with private clients, or vice versa. Last year, after we completed the integration of former Notenstein La Roche clients, we were once again able to attract new capital for investment from our private clients, which is being managed by Vontobel. As others across the global industry, Vontobel did not have the same strong start this year as 2020 in terms of new money – especially in Asset Management. However, we are confident that we can achieve continued growth, especially on an organic basis. If we look back, we can see that we have achieved that aspiration over the last 10 to 15 years.

— **Vontobel is growing – but last year showed that it is doing so with weaker margins.**

There is no doubt that competition is intensifying. The entire sector is feeling the effects – including the impact on margins. But as a high-conviction asset manager, Vontobel has largely been able to defend its margins and thus also its earnings quality in Asset Management in recent years, thus countering the industry-wide trend.

At 42 basis points, Asset Management achieved a good gross margin relative to the competition in 2020. In the business with EAMs, which accounts for around half of the operating income generated by the Platforms & Services Client Unit, we maintained a stable gross margin of 50 basis points in 2020. And overall, Vontobel Wealth Management also generated a good gross margin of 73 basis points.

Going forward, we will continue to focus on the quality of performance, products and service to enable us to generate suitably high margins in the future. We want to grow but we don't want to be a discounter; we want to remain a powerful, high-margin globally active specialist for high-quality investment strategies and solutions in the future.

— **In 2020, Vontobel primarily achieved all the mid-term growth targets that it set itself. In the case of its cost target, Vontobel itself admitted that it had failed to meet it. This was also the case last year when it came close to its return target.**

That is correct, even though we were able to improve the cost/income ratio from 75.6% to 74.1% in 2020 as a result of rigorous cost management and despite corona-related expenses. We also faced headwinds due to the strong Swiss franc, since a large proportion of our costs tends to be booked in Swiss francs, while more of our income is generated in US dollars and euros. In terms of the cost/income ratio, we set ourselves a target of less than 72%.

Based on 4% higher capital base, Vontobel generated a return on equity of 13.3%, which represents a good result overall, although it was slightly below our own ambitious target of at least 14%. Vontobel has always emphasized that securing long-term growth opportunities takes precedence over the short-term optimization of costs. However, Vontobel will actively manage costs in the future with a view to achieving its own self-imposed targets. We will achieve this through cost discipline but especially also through growth, which will enable us to leverage cost benefits. This is where we can feel and see the greatest advantages.

— **What are Vontobel's future objectives?**

Our ambition is for Vontobel to rank among the leading and most respected investment firms managers in all our markets by 2030. We have clearly defined the necessary steps and targets to achieve this. This includes extending our ambitious 2020 mid-term targets to 2022. Vontobel wants to continue to achieve overall business growth of 4–6% each year. We are continuing to strive for ambitious growth in net new money in the range of 4–6% annually. We are also committed to our target return on equity of at least 14% and a cost/income ratio of less than 72%. Vontobel will focus on five priorities in this context:

1. Deliver the Vontobel experience
2. Deliver a pure-play investment manager 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 underpinned by concrete projects and are being transformed into growth.

With a BIS common equity tier 1 capital (CET1) ratio of over 12% and a BIS total capital ratio of over 16%, Vontobel will remain a symbol of stability. And we have already spoken about the payout ratio of at least 50%.

We have ambitious goals. But the opportunities for growth are enormous despite corona. We want to seize them. In particular, our past success as well as the entrepreneurial spirit of our employees fill me with optimism that we will continue to grow successfully together with our clients in the future.

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