

Swiss Equity Research Baskets

Quarterly Report

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January 7, 2021

Research Basket Composition & Performance

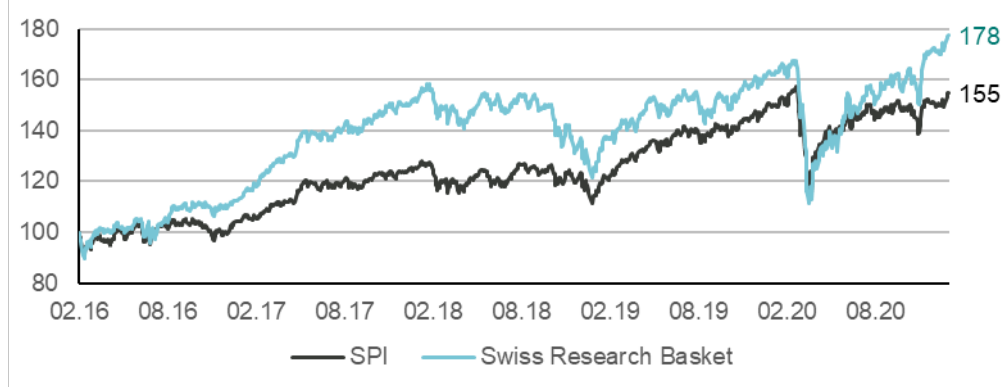
Holdings (as %, as at 01-06-21)

Partners Group Holding AG	6.50
LafargeHolcim Ltd.	6.38
Swiss Life Holding AG	6.21
Compagnie Financière Richemont SA	6.13
Sika AG	6.08
UBS Group AG	5.96
Givaudan SA	5.87
SGS SA	5.85
Roche Holding AG	5.69
Nestlé SA	5.64
VAT GROUP AG	3.73
Logitech International SA	3.70
OC Oerlikon Corp. AG	3.67
Georg Fischer AG	3.57

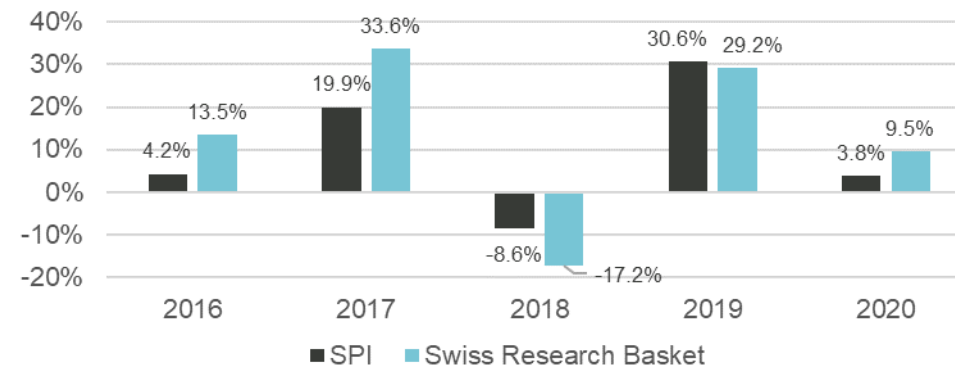
Holdings (as %, continued)

Temenos AG	3.56
Clariant AG	3.38
PSP Swiss Property AG	3.24
Cembra Money Bank AG	3.13
Straumann Holding AG	3.12
AMS AG	3.10
Comet Holding AG	0.86
ALSO Holding AG	0.71
Sulzer AG	0.68
Kardex AG	0.67
Komax Holding AG	0.66
Forbo Holding AG	0.65
Idorsia Ltd	0.63
Huber + Suhner AG	0.62

Performance since issuance (CHF, after fees)

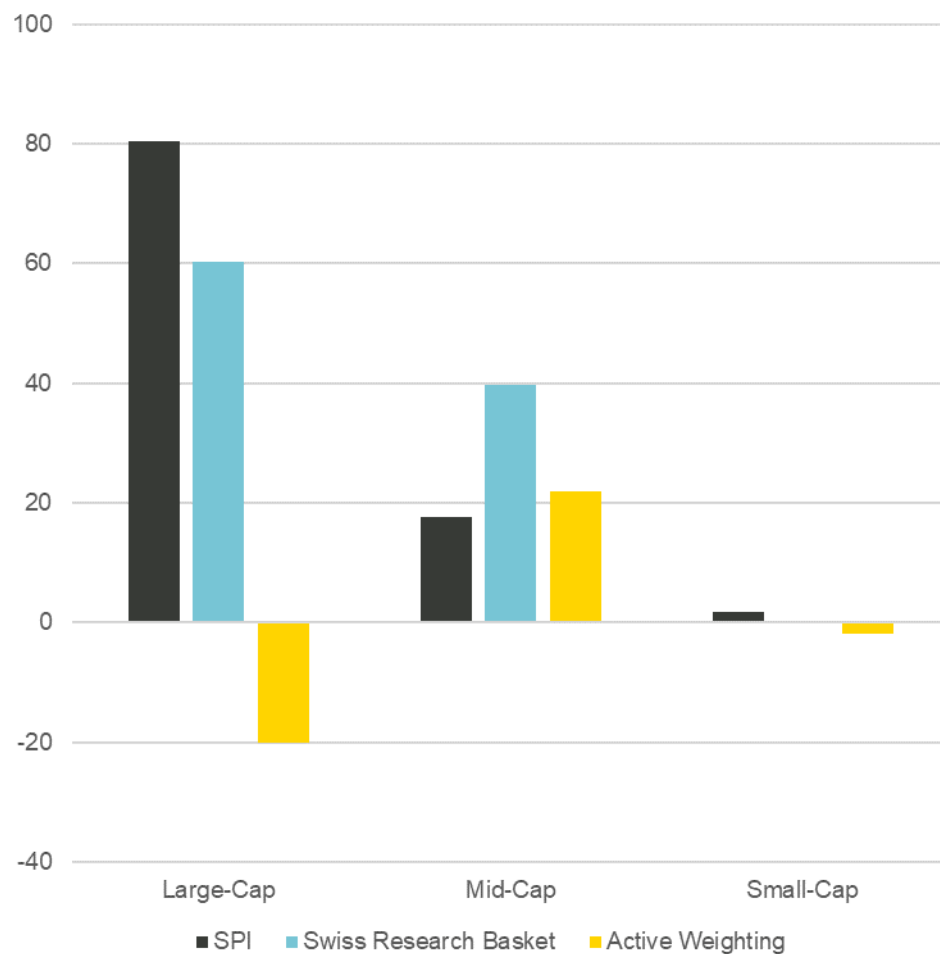


Performance per calendar year (CHF, after fees)



Research Basket Exposure vs Benchmark

Exposure by capitalization (as %)



Exposure by sector (as %)

	SPI	Swiss Research Basket	Active Weighting
Banks	6.9	9.1	2.2
Basic Materials	2.7	9.3	6.6
Consumer Services	0.7	0.0	-0.7
Consumer Goods	24.7	12.4	-12.3
Financial Services	2.1	6.5	4.4
Healthcare	3.9	3.1	-0.8
Industrials	16.1	32.2	16.1
Insurance	7.0	6.2	-0.8
Pharma & Biotech	31.3	6.3	-24.9
Real Estate	1.4	3.2	1.8
Technology	2.3	11.7	9.3
Telecommunication	0.8	0.0	-0.8

Top Picks 2020/21 Basket Composition & Performance

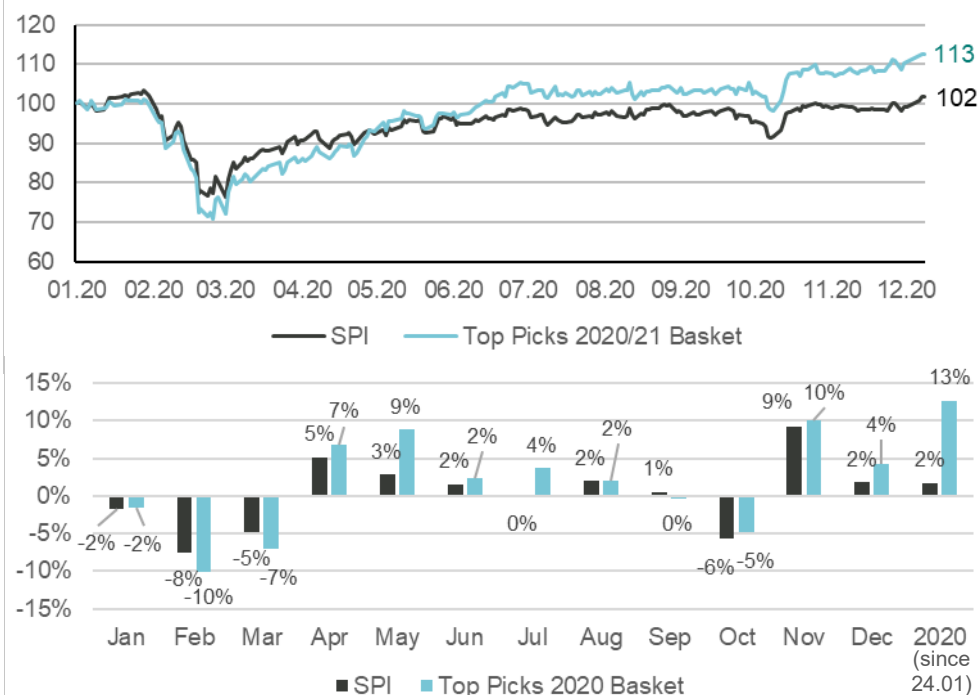
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Holdings (as %, as at 01-06-21)

LafargeHolcim Ltd.	14.07
Partners Group Holding AG	14.06
Compagnie Financière Richemont SA	13.72
SGS SA	13.29
Roche Holding AG	12.88

VAT Group AG	8.11
Temenos AG	7.50
ams AG	7.41
Cembra Money Bank AG	7.39
ALSO Holding AG	1.58

Performance since issuance (CHF, after fees)



Exposure by sector (as %)

	SPI	Top Picks 2021	Active Weighting
Banks	6.9	7.4	0.5
Basic Materials	2.7	0.0	-2.7
Consumer Services	0.7	0.0	-0.7
Consumer Goods	24.7	13.7	-11.0
Financial Services	2.1	14.1	12.0
Healthcare	3.9	0.0	-3.9
Industrials	16.1	35.5	19.4
Insurance	7.0	0.0	-7.0
Pharma & Biotech	31.3	12.9	-18.4
Real Estate	1.4	0.0	-1.4
Technology	2.3	16.5	14.1
Telecommunication	0.8	0.0	-0.8

Swiss ESG Basket Composition (launched end of 2020)

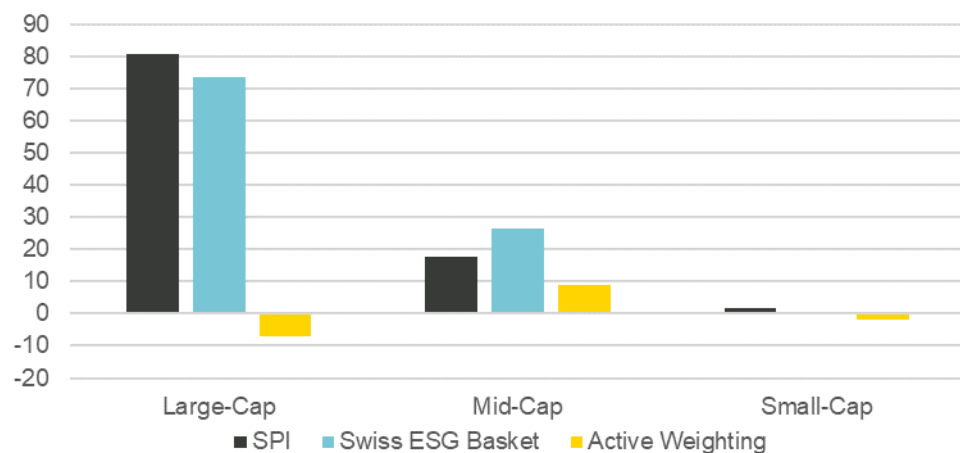
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Holdings (as %, as at 12-31-20)

Givaudan SA	6.7
Nestlé SA	6.7
Sika AG	6.7
Roche Holding AG	6.7
SGS SA	6.7
Partners Group Holding AG	6.6
Compagnie Financière Richemont SA	6.6
UBS Group AG	6.6
Swiss Life Holding AG	6.6
Logitech International SA	4.5
Straumann Holding AG	4.4
Temenos AG	4.4
Swisscom AG	3.4

Geberit AG	3.4
ABB Ltd	3.3
Novartis AG	3.3
Cembra Money Bank AG	2.2
ALSO Holding AG	2.2
Georg Fischer AG	2.2
Tecan Group AG	1.1
Belimo Holding AG	1.1
Galenica AG	1.1
Barry Callebaut AG	1.1
Emmi AG	1.1
dormakaba Holding AG	1.1

Exposure by capitalization (as %)



Exposure by sector (as %)

	SPI	ESG Basket	Active Weighting
Banks	6.9	8.8	1.9
Basic Materials	2.7	6.7	4.0
Consumer Services	0.7	1.1	0.4
Consumer Goods	24.7	15.6	-9.2
Financial Services	2.1	6.6	4.5
Healthcare	3.9	5.6	1.6
Industrials	16.1	24.5	8.4
Insurance	7.0	6.6	-0.4
Pharma & Biotech	31.3	10.0	-21.3
Real Estate	1.4	0.0	-1.4
Technology	2.3	11.1	8.7
Telecommunication	0.8	3.4	2.6

Quarterly Review – Equity Markets (1/2)

The Swiss equity market, measured by the SMI, was up 5.1% in the final quarter of the year, while small and mid-caps, measured by the SPI Extra, advanced a more significant 8.9%. After a weak start to the quarter, with indices losing around 5% in October, the market rallied very strongly in November on the back of positive news from the vaccine front. The rally continued at a more moderate pace during December.

The outperformance of small and mid-caps resulted from hopes that the cyclical recovery will continue to unfold. Consequently, large pharma and defensives underperformed, while industrials and building material manufacturers, as well as financials, outperformed.

The rally lost some steam during the month of December as near-term pandemic news, in particular the emergence of a mutated strain of the virus, was quite bleak. Consequently, more severe restrictions and, in some cases lockdowns, were imposed in many countries around the globe. However, as in the past, equity markets continued to show considerable resilience to bad news based, on the one hand, on TINA and FOMO and, on the other, on hopes that the vaccines will help us get through the pandemic crisis in the not too distant future.

In our opinion, phases of increased volatility and market weakness should continue to be used as buying opportunities as long as (real) interest rates stay at ultra-low levels, liquidity remains ample, and there are no major, long-term setbacks in vaccination efforts around the world.

Quarterly Review – Equity Markets (2/2)

On the positive side, the first covid vaccines are a lot more effective than what could reasonably be hoped for. This is especially true for the Pfizer-BioNtech and Moderna vaccines with efficacy rates of 95%+. Moreover, (emergency) approvals by medical authorities around the world came very swiftly.

On the negative side, the mutation that recently emerged from the UK – and is likely to have already spread to other countries – is 50% to 70% more contagious and has led to a spike in infections in the country. Consequently, many countries have tightened and/or prolonged their restrictions and, in some cases, gone into a new lockdown. Moreover, early vaccine roll-outs have been much slower than most governments had anticipated. While still at a very early stage, we fear that the route to normality could be long. Once again, as already written countless times, the way back is a marathon not a sprint.

As full-year reporting season kicks off, investors and analysts alike will be looking for company guidance to assess what they should expect from the coming year. While we expect management outlooks to be cautiously optimistic for the most part, short-term outlooks risks being somewhat clouded by the second or third wave of the pandemic and slower than expected progress in vaccination efforts.

We continue to focus on companies with strong balance sheets, very strong positions in attractive markets or niches, companies that create substantial economic value, and ones that we believe will be winners of the new normal.

Portfolio Changes/Rating Changes – Last 12 Months

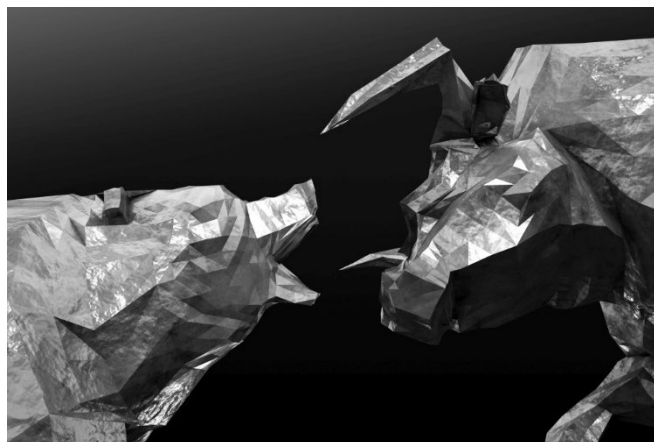
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Date	Company	From	To	Other
07.01.20	Clariant	Hold	Buy	
07.01.20	Comet	Buy	Buy	Reached minimum liquidity requirement
10.01.20	Dätwyler	Buy	Hold	
10.02.20	BKW	Buy	Suspended Coverage	
28.04.20	Swiss Life	Hold	Buy	
28.04.20	Swiss Re	Buy	Hold	
10.07.20	Idorsia	Hold	Buy	
16.07.20	PSP	Hold	Buy	
27.07.20	Lonza	Buy	Hold	
17.08.20	Sunrise	Buy	Hold	
01.09.20	Bâloise	Buy	Hold	
23.09.20	Sika	Hold	Buy	
21.10.20	Dufry	Buy	Hold	
12.11.20	Flugh. Zür.	Buy	Hold	
19.11.20	VAT	Hold	Buy	

Best and Worst Performers for the Quarter (1/6)

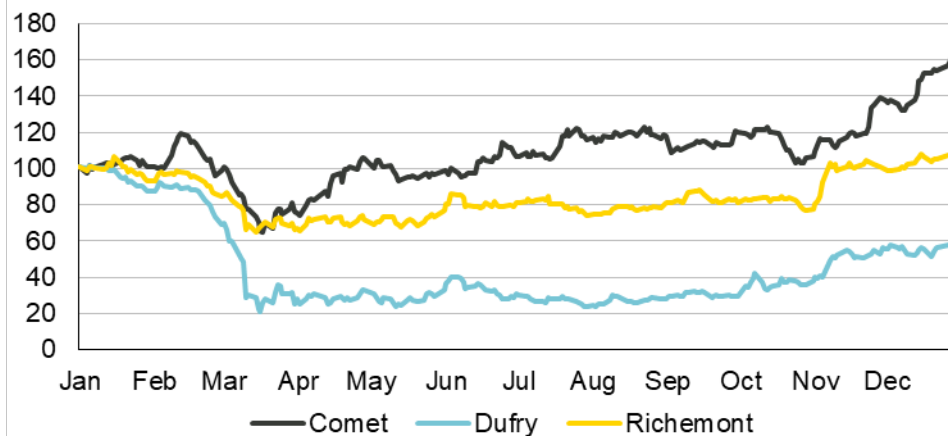
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Best Performers

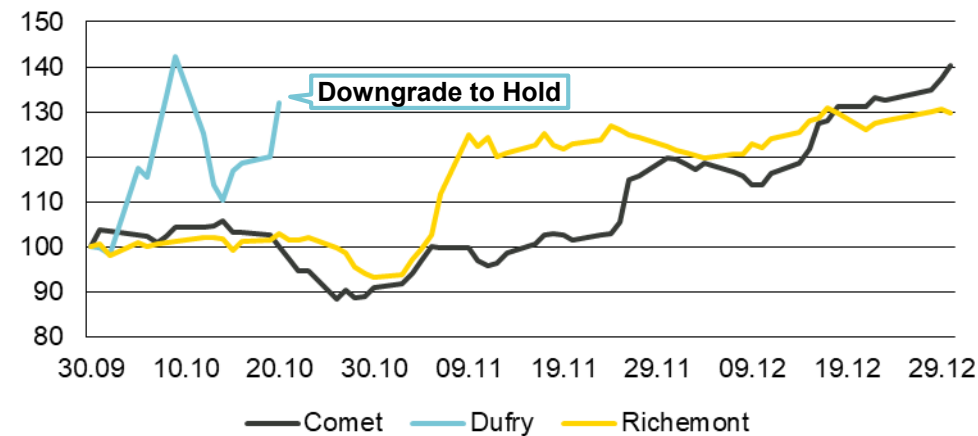


Company	Comet	Dufry ¹	Richemont
Vontobel Rating / Price Target	BUY / CHF 195	HOLD / CHF 55	BUY / CHF 86
Total Return – Last Quarter	40%	32%	30%
Total Return – 2020	63%	-42%	7%

Total Return 2020 (indexed)



Total Return Last Quarter (indexed)



¹ Dufry was downgraded to Hold on 21.10.20 and thus removed from the Research Basket on that date

Best and Worst Performers for the Quarter (2/6)

Comet, Buy, PT CHF 195

- Ongoing business transformation and refocusing on x-ray and radio frequency (RF) technology initiated by Chairman Heinz Kundert
- Increased end-market exposure to high-growth semiconductor and electronics applications
- New management team with CEO Kevin Crofton brings profound experience and knowledge of semiconductor market to the company
- Ambitious long-term targets that would justify valuation levels well beyond current share price levels upon achievement
- Currently strong tailwind from semiconductor market driven by digitalization, work-from-home, AI, 5G, and gaming suggesting further near-term upside

Dufry, Hold (from Buy), PT CHF 55

- Rating change from Buy to Hold on 21 October
- Strategic joint venture with Alibaba Group for Chinese travel retail market (51% Alibaba, 49% Dufry); Alibaba becomes a Dufry shareholder
- Capital increase of CHF 820 mn in Oct. with Advent (11.4%) and Alibaba (6.1%) as new shareholders – secures financing into FY22
- Takeover of Hudson minorities (CHF 285 mn) to simplify group structure in 4Q20
- 3Q20 with organic growth of -80% (Europe -80%, North America -75%, Latin America -83%, Asia -89%) – ongoing decline in October (-76%)
- Cost savings of CHF 1 bn in FY20 on track – monthly cash outflow of CHF 60 mn assuming turnover -70% compared to FY19
- Recovery in 2H21 likely due to vaccine program but 1H21 will remain challenging

Best and Worst Performers for the Quarter (3/6)

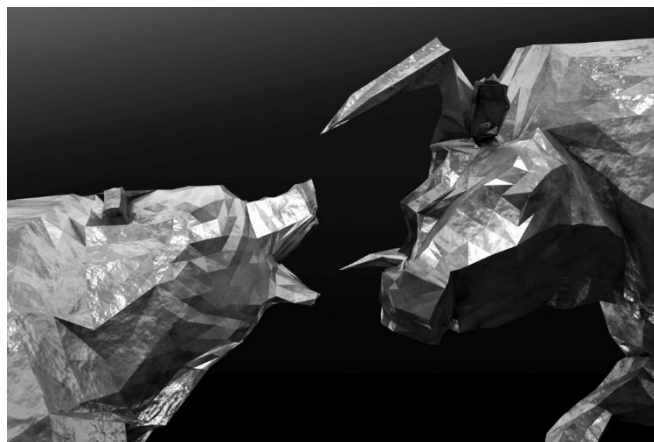
Richemont, Buy, PT CHF 86

- Richemont and Alibaba invest in luxury online retailer Farfetch and Farfetch China – Richemont's Yoox-Net-A-Porter and Farfetch as the global leaders in online luxury retail coming closer
 - Richemont invests USD 300 mn in Farfetch and USD 250 mn in Farfetch China (25% stake together with Alibaba, option for further 24%)
 - 1H20/21 (April-Sept.) organic sales -25% but 2Q (July-Sept.) only -2%; Jewellery Maisons (56% of sales - brands: Cartier, Van Cleef&Arpels) as top performer (1H -18%, 2Q +4%), but Online Distributors also improved (1H -21%, 2Q +4%), Specialist Watchmakers still weak (1H -38%, 2Q -18%)
 - EBIT margin in 1H20/21 8.3% (-740bp) better than expected due to Jewellery Maisons, which continued to post a high margin (30.1%, -250bp)
 - China most important country accounting for 31% of sales – +78% in 1H20/21
-

Best and Worst Performers for the Quarter (4/6)

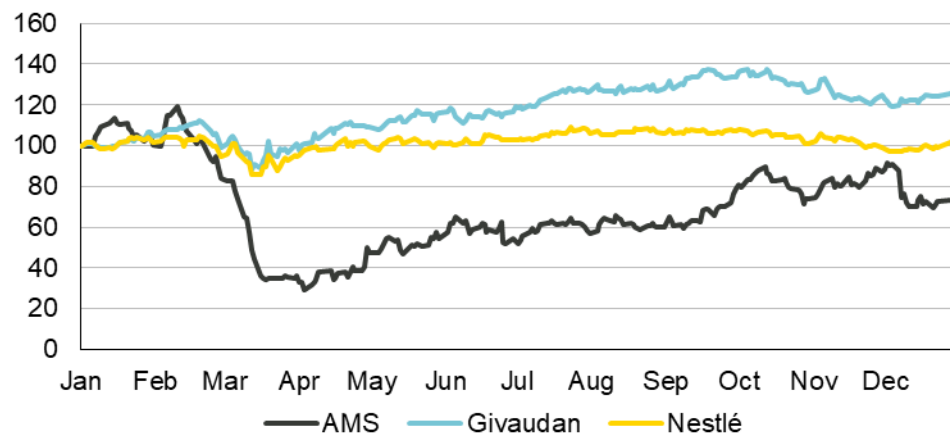
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Worst Performers

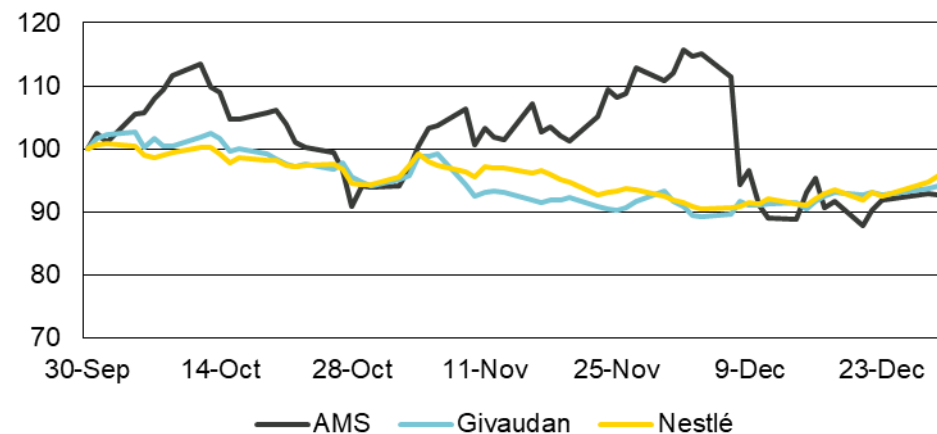


Company	AMS	Givaudan	Nestlé
Vontobel Rating / Price Target	BUY / CHF 33	BUY / CHF 4'800	BUY / CHF 125
Total Return – Last Quarter	-8%	-6%	-5%
Total Return – 2020	-27%	26%	2%

Total Return 2020 (indexed)



Total Return Last Quarter (indexed)



Best and Worst Performers for the Quarter (5/6)

AMS, Buy, PT CHF 33

- Share price weakness after strong rally since summer 2020 and rumors about a potential Apple socket loss
- Proliferation of photonics and 3D/spectral sensing in various industries still at early stage – ams and Osram as key innovators and suppliers
- Combination with Osram lowers risk profile due to more balanced end-market and customer exposure (i.e. Apple)
- Combined entity to benefit from sensor integration in micro-LED display technology displacing OLED in the mid-term
- Automotive cycle improving and expected to perform much more strongly in 2021 – sensor fusion in automotive/industry only at the beginning
- Neither vast amount of cost and sales synergies nor substantial photonics opportunity reflected in valuation with pro-forma EV/EBITDA 22E at <5.0x

Givaudan, Buy, PT CHF 4'800

- Recent share price underperformance was not related to company-specific newsflow. Most recent management statements with regard to 4Q20 were upbeat
- Givaudan is the leader in the plant-based proteins market: the trend is likely to continue, as the numerous meat-processing plant closures related to COVID-19 around the world have raised concerns over food safety
- Givaudan offers both a highly attractive, defensive growth profile and strong cash returns, as well as a guarantee of increased dividends in absolute terms year after year
- The current crisis could lead to more hygiene and food safety around the world, triggering stronger structural growth in the coming years

Best and Worst Performers for the Quarter (6/6)

Nestlé, Buy, PT CHF 125

- Recent share price underperformance was not related to company-specific newsflow, on the contrary
- Recent Nielsen data hints at market share gains both in North America and Europe - PetCare, Coffee and Nestlé Health Science as main growth drivers
- We expect the company to continue to actively shape its portfolio. We believe the upcoming proceeds from the disposals of Yinlu and Waters in North America will be reinvested in acquisitions in high-growth, high-value creating categories
- We believe Nestlé is well positioned to emerge from the pandemic a winner: attractive product categories (Nutrition, Health & Wellness), plant-based proteins, trusted brands in food safety, strong online and state-of-the-art production lines

Vontobel Swiss Equity Research

Experienced team of professionals



Peter Romanzina, CFA, CIIA, FRM
Managing Director
Head of Swiss Research
30 years of professional experience

Industrials



Michael Foeth, PhD, CFA
Executive Director
Head of Industrials
Services, Logistics, Technology
20 years of professional experience



Bernd Pomrehn, PhD, CFA
Executive Director
Building Suppliers, Packaging
20 years of professional experience



Mark Diethelm
Executive Director
Technology, Industrials
20 years of professional experience



Arben Hasanaj
Graduate Trainee Program (GTP)
Technology, Industrials

Life Sciences



Stefan Schneider, PhD, CFA
Executive Director
Head of Life Sciences
20 years of professional experience



Sibylle Bischofberger,
lic. oec. publ, Dipl. Natw. ETH
Executive Director
Healthcare, Chemicals
20 years of professional experience

Consumer Goods



Jean-Philippe Bertschy, lic. oec. HSG
Executive Director
Head of Consumer Goods
Food, Services
24 years of professional experience



René Weber
Managing Director
Luxury, Retail
34 years of professional experience



Pascal Furger, M.A. HSG
Director
Mechanical Engineering & Real Estate
9 years of professional experience

Insurance



Simon Fössmeier
Executive Director
Head of Insurance
25 years of professional experience

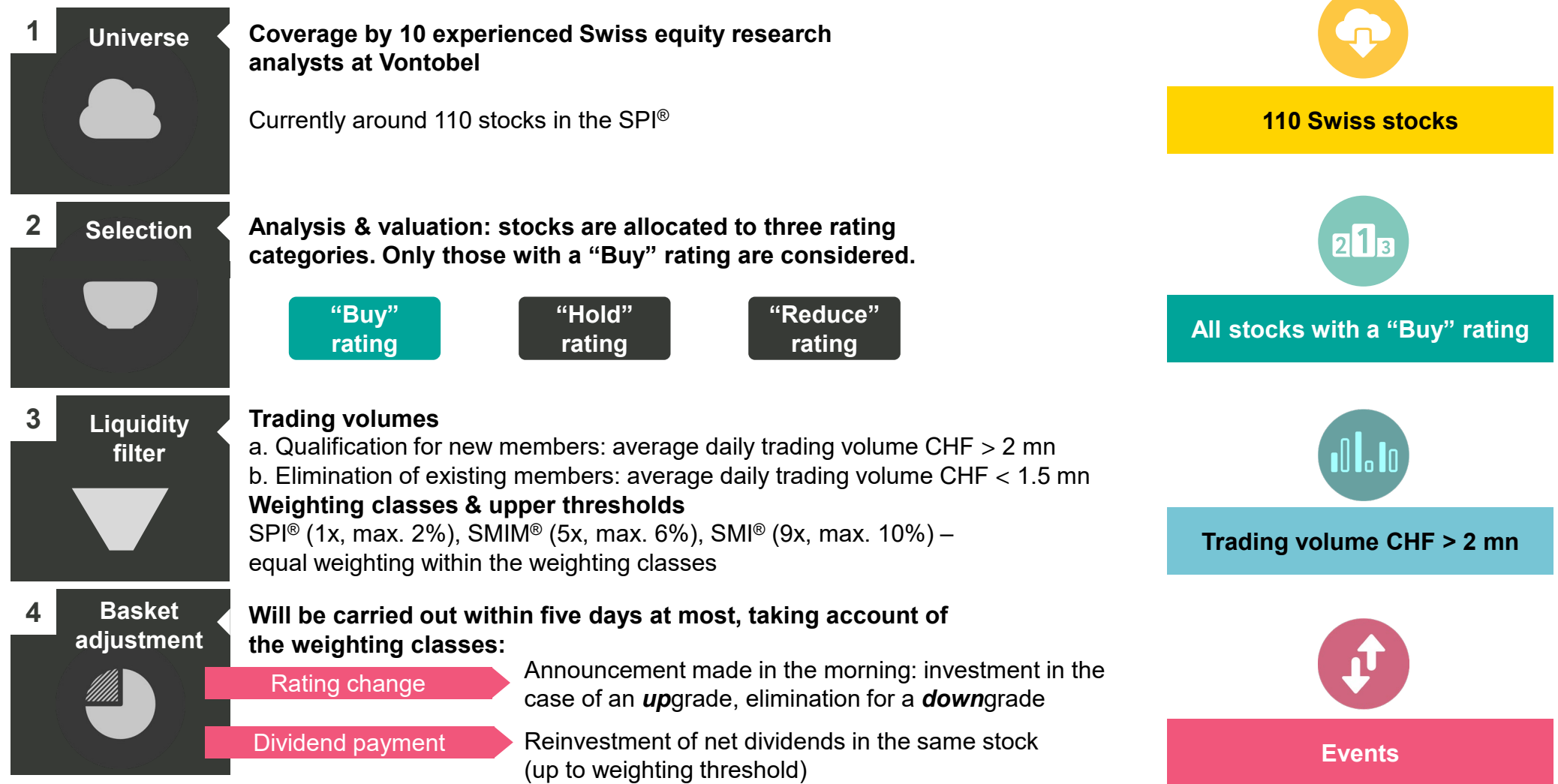
Banks



Andreas Venditti, CFA
Executive Director
Head of Banks
19 years of professional experience

Concept – Vontobel Swiss Research Basket

Target the right stocks with a single product

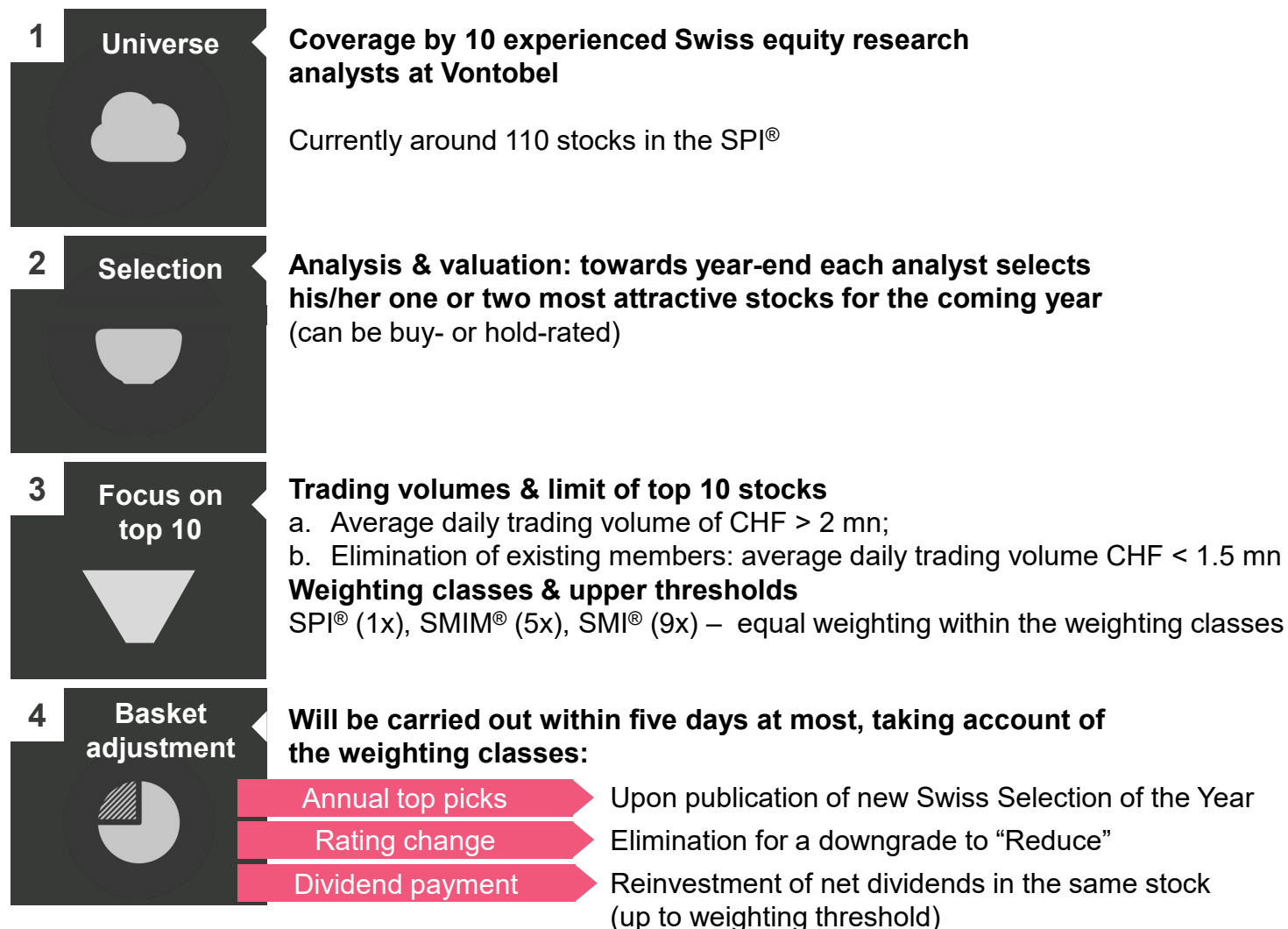


Source: Vontobel, 04-28-2017

The basket is compiled on the basis of the current “Buy” ratings of Vontobel’s Swiss research analysis team. Adjustments are made on the basis of rating changes by financial analysts. In preparing financial analysis, both Vontobel and its analysts disclose any conflicts of interest; these may be viewed at any time at derinet.ch/researchdisclaimer






Concept – Vontobel Equity Research Top Swiss Selection of the Year Basket

High focus on the analysts' top picks of the year



Concept – Vontobel Swiss ESG Research Basket

Investing in Swiss ESG Leaders


 POOL	<p>The investment universe from which the share for the “Vontobel Swiss Equity ESG Basket” can be selected consists exclusively of the Vontobel Swiss Equity Research universe (approx. 100 shares) and is made up of shares from the Swiss Performance Index (SPI)</p>						
 LIQUIDITY CRITERIA	<p>Average daily turnover of more than CHF 2 mn over the past 6 months</p>						
 SELECTION	<p>The Vontobel “Swiss Equity ESG Basket” intends to track the performance of Swiss equities from the Vontobel Swiss Equity Research universe with a “Buy” or “Hold” rating. “Buy” rated stocks will have a weighting of 2x the “Hold” rated stocks, provided the “Hold” rated stocks have a positive price appreciation potential compared to the target price at the time of the initial investment or rebalancing.</p>						
 INTEGRATION OF ESG AND REBALANCINGS	<table border="1"> <tr> <td data-bbox="640 772 864 970"> <p>Selection: Vontobel ESG score</p> </td> <td data-bbox="864 772 2141 970"> <p>Vontobel’s proprietary ESG rating which is fully integrated into the company valuation. The 25 companies with the highest score and fulfilling the selection criteria. If 2 or more stocks have the same score on rank 25, the one with the “Buy” rating and/or the highest price appreciation potential to the target price will be included.</p> </td> </tr> <tr> <td data-bbox="640 970 864 1198"> <p>Rebalancing</p> </td> <td data-bbox="864 970 2141 1198"> <p>If the rating of a security is downgraded to “Sell”, the resulting cash position is distributed to the remaining securities in the basket as a percentage of the current weighting. The basket composition is changed. The basket will be rebalanced twice a year at the end of May and at the end of November, based on revised ESG scores, ratings, and target prices. The composition and weightings will be determined by Vontobel Swiss Equity Research.</p> </td> </tr> </table>	<p>Selection: Vontobel ESG score</p>	<p>Vontobel’s proprietary ESG rating which is fully integrated into the company valuation. The 25 companies with the highest score and fulfilling the selection criteria. If 2 or more stocks have the same score on rank 25, the one with the “Buy” rating and/or the highest price appreciation potential to the target price will be included.</p>	<p>Rebalancing</p>	<p>If the rating of a security is downgraded to “Sell”, the resulting cash position is distributed to the remaining securities in the basket as a percentage of the current weighting. The basket composition is changed. The basket will be rebalanced twice a year at the end of May and at the end of November, based on revised ESG scores, ratings, and target prices. The composition and weightings will be determined by Vontobel Swiss Equity Research.</p>		
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 WEIGHTINGS	<p>Depending on the index membership, a selected security is assigned to one of the following 3 weighting classes:</p> <table border="1"> <tr> <td>SMI (SMI®):</td> <td>3x</td> </tr> <tr> <td>SMI MID (SMIM®):</td> <td>2x</td> </tr> <tr> <td>Swiss Performance Index (SPI®):</td> <td>1x</td> </tr> </table>	SMI (SMI®):	3x	SMI MID (SMIM®):	2x	Swiss Performance Index (SPI®):	1x
SMI (SMI®):	3x						
SMI MID (SMIM®):	2x						
Swiss Performance Index (SPI®):	1x						

Product Information

Vontobel Swiss Research Basket

Product Information*

SSPA product type	Tracker Certificate (1300)
Underlying	Vontobel Swiss Research Basket
Initial fixing / Payment date	February 1, 2016 / February 8, 2016
Maturity	Open End
Management fee	1.20% p.a.
Issuer	Bank Vontobel AG, Zurich, Switzerland
Calculation Agent	Bank Vontobel AG, Zurich, Switzerland

Currency	 CHF
ISIN / symbol	CH0301889322 / Z44AAV
Issue price	CHF 101.50 (CHF 1.50 front-load fee included)
Reference price	CHF 100.00




Product Information

Top Swiss Selection of the Year Basket

January 7, 2021

Product Information*

SSPA product type	Tracker Certificate (1300)
Underlying	Vontobel Equity Research Top Swiss Selection of the Year Basket
Initial fixing / Payment date	20 January, 2020 / 24 January, 2020
Maturity	Open End
Management fee	1.00% p.a.
Issuer	Bank Vontobel AG, Zurich, Switzerland
Calculation Agent	Bank Vontobel AG, Zurich, Switzerland

Currency	 CHF
ISIN / symbol	CH0516336218 / ZRTOPV
Issue price	CHF 101.50 (CHF 1.50 front-load fee included)
Reference price	CHF 100.00




Product Information

Vontobel Swiss ESG Research Basket

January 7, 2021

Product Information

SSPA product type	Tracker certificate (1300)
Underlying	Vontobel Swiss ESG Research Basket
Initial fixing / payment	December 17, 2020 / December 24, 2020
Duration	Open End
Index fee	1.20% p.a.
Issuer	Bank Vontobel AG, Zurich, Switzerland
Calculation Agent	Bank Vontobel AG, Zurich, Switzerland

Currency	 CHF
ISIN /symbol	CH0553376176 / Z25ACV
Issue price	CHF 101.50 (including CHF 1.50 issuing commission)
Reference price	CHF 100.00



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