

Investment Banking

Vontobel China Policy Performance Index

Benefiting from measures for structural promotion in China

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Starting point

Vontobel China Policy Performance Index

Product details

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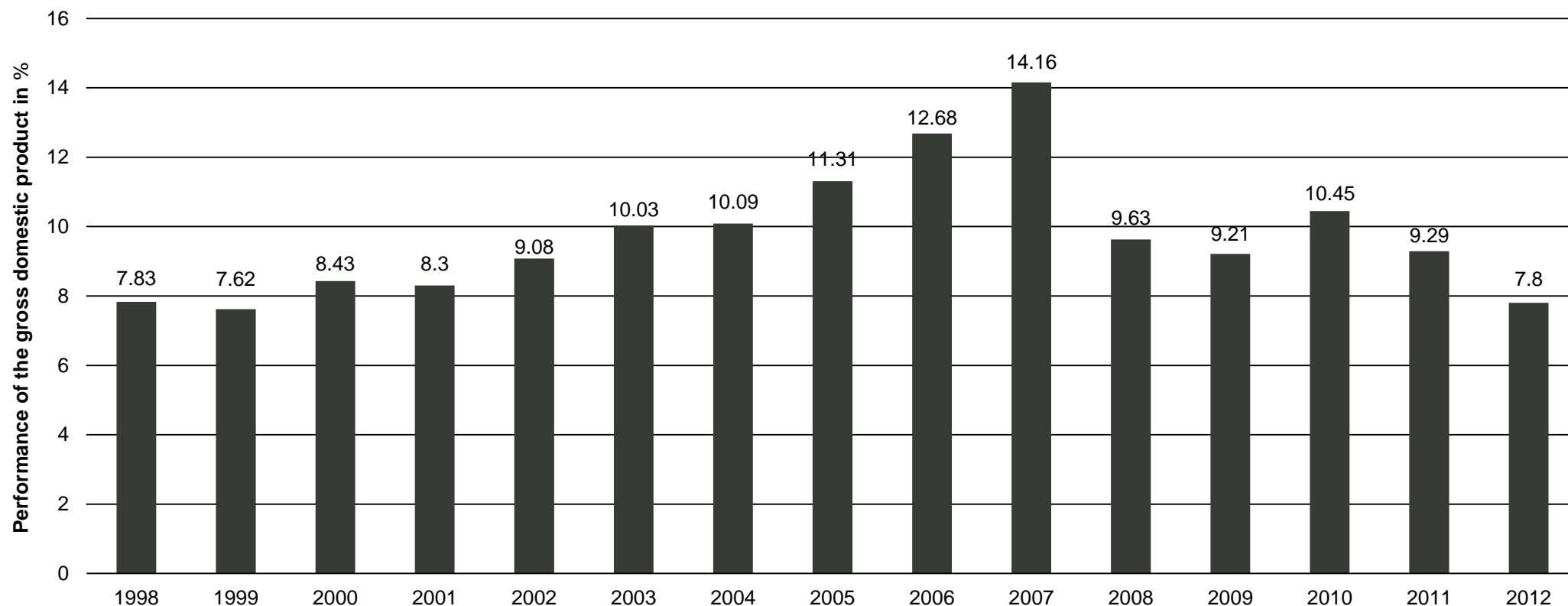
- Historic change in leadership at the top of the Communist party in March 2013; the new state president is Xi Jinping
- The global economic crisis has also had an impact in China with falling growth rates for the gross domestic product
- Asymmetrical distribution of wealth, social tensions as well as continued urbanisation make it necessary to initiate a series of structural reforms
- The former government under Hu Jintao remained very hesitant as regards structural reforms



→ The new leadership generation under Xi Jinping is betting on comprehensive structural reforms and could continue to influence the economy strongly.

Lower GDP growth

Performance of the Chinese gross domestic product



- Declining growth in the gross domestic product since 2010
- This trend continued in 2012
- Falling export rates and weaker property markets weigh on GDP growth

Source: NSBO (North Square Blue Oak), as at April 2013

Previous performance and simulations are not a reliable indicator of future performance.

Taxes and any fees payable have a negative impact on the yield. For illustration purposes only.

Change from an investment-driven to a consumption-focused national economy

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Objectives of the reforms

Core topics of the comprehensive structural programme:

- Urbanisation and mobility
- Reforming the social insurance system
- Liberalising the financial sector
- Modernising public administration
- Fighting corruption



Promoted sectors

The following should benefit from the comprehensive reforms:

- Companies in the steel and construction sectors, due to investments in the infrastructure
 - Energy companies, in particular electricity and gas suppliers
 - Insurers due to the liberalisation of the financial sector and the social insurance reforms
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Improvement of mobility



- The increasing number of people in the metropolitan areas requires an expansion of inner-city transport systems
 - The new Chinese government is driving the densification and modernisation of regional transport systems with investments in high-speed trains and new means of transport
 - With the comprehensive expansion of the road network, the Chinese government plans to improve mobility in individual traffic
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Focus on the consumer goods industry

- As a result of stabilising and strengthening the Chinese domestic market, experts see the consumer goods industry as the biggest beneficiary over the coming years
- The figures from the car market reflect this development
- Compared to 2007, at 56 cars, 149 cars were already registered per 1,000 inhabitants in 2011

Development of cars per 1000 inhabitants

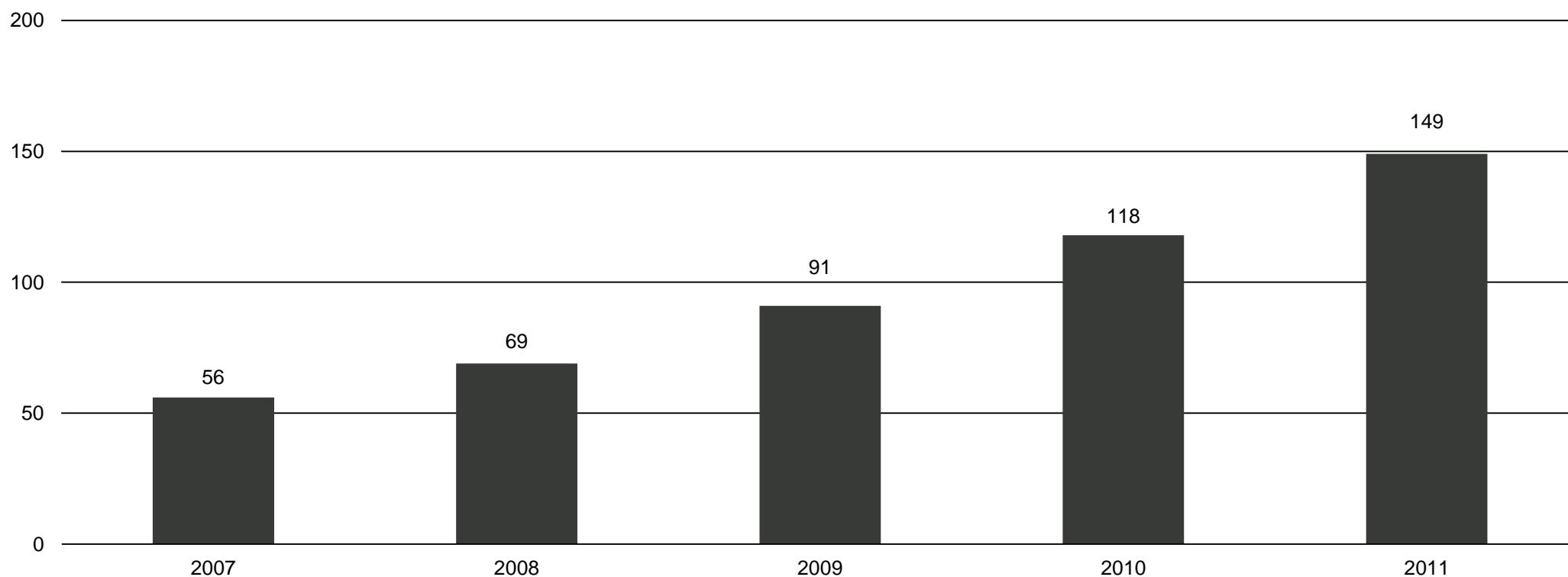


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- The Chinese leadership will also greatly influence and direct the economy
- The government defines economic policy structural measures, from which interesting investment strategies can be derived
- To this end, Vontobel has developed the China Policy Performance Index in cooperation with NSBO (North Square Blue Oak), the experts in China policy research
- NSBO identifies sectors and companies that may benefit most from the future economic policy orientations and measures of the Chinese government and administration



Our research partner NSBO Ltd.



- NSBO is the leading analysis house for Chinese policy field analysis, sector and corporate analyses
- Offices in Beijing and London
- Broad research material and numerous, regular analysis reports
- Corporate finance and asset management services in the area of Chinese equities

Composition: Vontobel China Policy Performance Index

- The index members are selected in two steps:
 - Independent analysis and selection of the potential sectors by NSBO
 - Identification and selection of companies within these sectors by NSBO
 - The following criteria are used for equity selection:
 - A minimum of four and a maximum of eight sectors must be represented in the index at any given time
 - No more than three companies per sector may be represented in the index
 - If more than three companies fulfil these criteria, companies with a higher market capitalisation are preferred
 - A minimum of five companies must be included in the index at any given time
 - The index is adjusted every six months
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Equity universe: Vontobel China Policy Performance-Index



The index constituents must meet the following criteria:

- Listing on the Hong Kong Stock Exchange (H-Shares)
- Registered headquarters in the People's Republic of China incl. Hong Kong
- Market capitalisation of at least CHF 1.5 bn
- Average daily trading volume of at least EUR 1.5 mn over the previous 3 months
- No trading restrictions for foreign investors

Role allocation: Vontobel China Policy Performance Index

- As a proven expert, NSBO identifies the sectors and companies that may benefit from the planned structural reforms in a particularly strong way
- As the independent calculation body, Structured Solutions calculates and distributes the Vontobel China Policy Performance Index
- The index certificate enables a transparent and rule-based investment in companies that are likely to benefit most from the future economic policy reforms and projects of the Chinese government

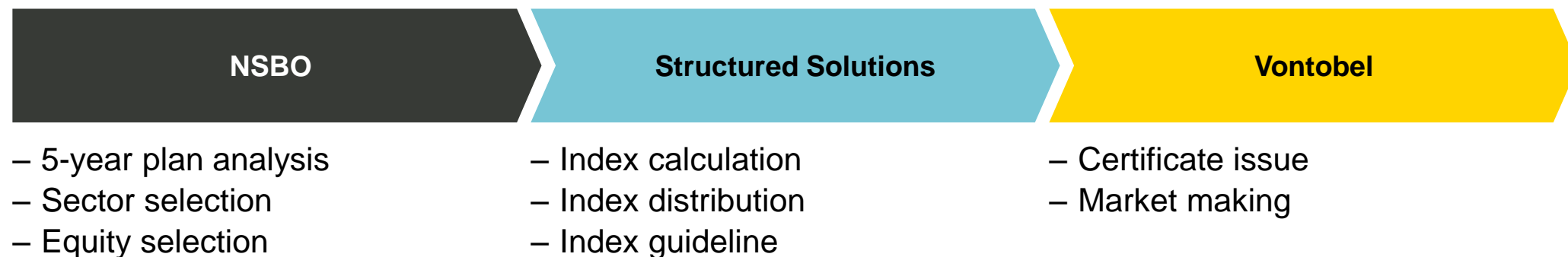


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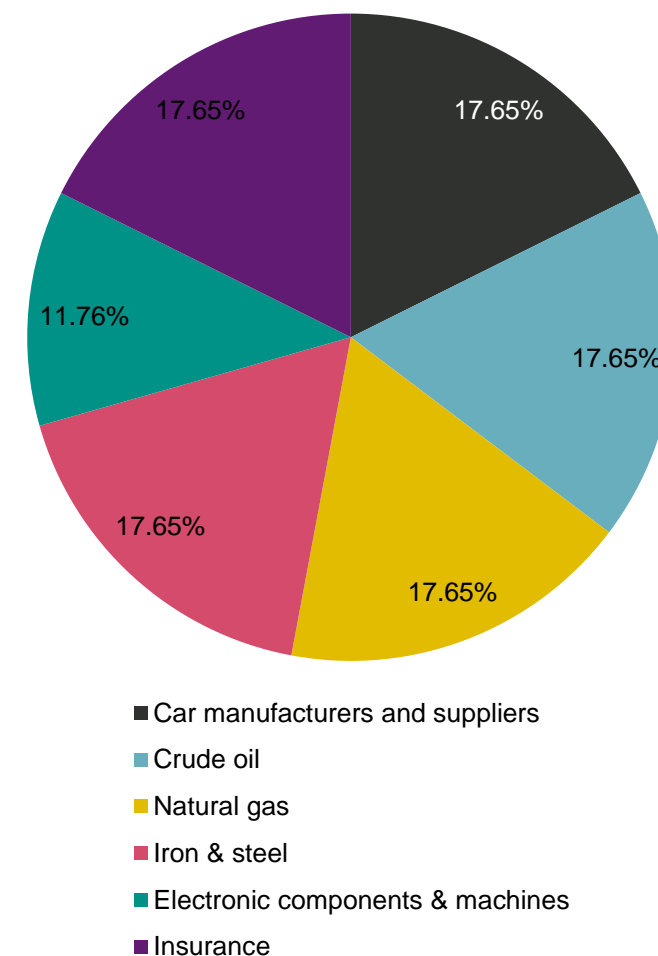
Vontobel China Policy Performance Index

Product details

Initial index composition

COMPANIES	SECTORS	WEIGHTING
GREAT WALL MOTOR CO LTD	Car manufacturer & supplier	5.88%
BYD CO LTD	Car manufacturer & supplier	5.88%
DONGFENG MOTOR GROUP CO LTD	Car manufacturer & supplier	5.88%
CNOOC LTD	Crude oil	5.88%
CHINA PETROLEUM & CHEMICAL CORP	Crude oil	5.88%
PETROCHINA CO LTD-H	Crude oil	5.88%
CHINA RESOURCES GAS GROUP LTD ORD	Natural gas	5.88%
KUNLUN ENERGY CO LTD	Natural gas	5.88%
ENN ENERGY HOLDINGS LTD	Natural gas	5.88%
FOSUN INTERNATIONAL	Iron and steel	5.88%
ANGANG STEEL CO LTD	Iron and steel	5.88%
MAANSHAN IRON AND STEEL CO LTD	Iron and steel	5.88%
DONGFANG ELECTRIC CORP LTD	Electronic components and machines	5.88%
SHANGHAI ELECTRIC GROUP CO LTD	Electronic components and machines	5.88%
CHINA PACIFIC INSURANCE GR-H	Insurance	5.88%
PING AN INSURANCE GROUP CO-H	Insurance	5.88%
CHINA LIFE INSURANCE CO LTD	Insurance	5.88%

The initial sector breakdown



Setting on 03.05.2013

Index constituents I

NAME	ISIN	WEIGHTING BRIEF DESCRIPTION
GREAT WALL MOTOR CO LTD	CNE10000338	5.88% Great Wall Motor Company Limited and its subsidiaries produce and sell pick-up trucks and sport utility vehicles (SUVs) under different brand names. The company develops and produces key car parts and components for use in the assembly of pick-up trucks and SUVs.
BYD CO LTD	CNE10000296	5.88% BYD Company Limited and its subsidiaries produce and sell cars. The company researches, develops, produces and sells batteries that are used in mobile phones, electric tools and other portable electronic devices.
DONGFENG MOTOR GRP CO LTD-H	CNE10000312	5.88% Dongfeng Motor Group Company Limited designs, produces and markets through joint ventures diesel engines, vans, cars, cast parts and corresponding spare parts.
CHINA PETROLEUM & CHEMICAL CORP	CNE100002Q2	5.88% China Petroleum and Chemical Corporation (Sinopec) refines, produces and trades petrochemical products such as petrol, diesel, kerosene, petroleum, ethylene, synthetic fibres, synthetic natural rubber, synthetic resins and chemical fertilisers. In addition, the company develops and produces crude oil and natural gas in China.
PETROCHINA CO LTD-H	CNE100003W8	5.88% Petrochina Company Limited explores for, develops and produces crude oil and natural gas. In addition, the company refines, transports and sells crude oil and produces and sells chemicals.
CNOOC LTD	HK0883013259	5.88% CNOOC Limited explores for, develops, produces and sells crude oil and natural gas through its subsidiaries. Its core area is eastern China in particular. Internationally, the group has oil and gas deposits in Asia, Africa, North America, South America and Oceania.
CHINA RESOURCES GAS GROUP LTD ORD	BMG2113B1081	5.88% China Resources Gas Group Ltd sells natural gas and liquefied gas in various Chinese metropolises.
KUNLUN ENERGY CO LTD	BMG5320C1082	5.88% Kunlun Energy Company Ltd and its subsidiaries explore for and produce crude oil and natural gas in China.
ENN ENERGY HOLDINGS LTD	KYG3066L1014	5.88% ENN Energy Holdings Ltd sells natural gas in China. Via its subsidiaries, the company invests, operates and manages gas pipelines and sells and distributes bottled gas in China.

Index constituents II

NAME	ISIN	WEIGHTING BRIEF DESCRIPTION
MAANSHAN IRON AND STEEL CO LTD	CNE1000003R8	5.88% Maanshan Iron and Steel Company Limited produces and markets iron and steel products. The production process predominantly includes coking coal, sintering, iron smelting and steel melt.
ANGANG STEEL CO LTD	CNE1000001V4	5.88% Angang Steel Company Limited makes steel products such as cold-rolled sheets, steel rails, pipes, billets, wire rods, plates, steel and other products.
FOSUN INTERNATIONAL	HK0656038673	5.88% Fosun International has a diversified business portfolio. The company makes steel, implements property projects, produces pharmaceuticals and holds shares in retailers, financial services providers and gold and iron mining companies.
DONGFANG ELECTRIC CORP LTD	CNE100000304	5.88% Dongfang Electric Corporation Limited produces and sells water- and steam- powered generators and electric engines.
SHANGHAI ELECTRIC GROUP CO LTD	CNE100000437	5.88% Shanghai Electric Group Company Limited and its subsidiaries develop, manufacture and sell a broad range of products and services in the area of energy equipment.
PING AN INSURANCE GROUP CO-H	CNE1000003X6	5.88% Ping An Insurance (Group) offers a large number of insurance services in China. They include property, accident and life insurances as well as other financial services.
CHINA PACIFIC INSURANCE GR-H	CNE1000009Q7	5.88% China Pacific Insurance (Group) Company Ltd is an integrated insurer. The company offers life and non-life insurances.
CHINA LIFE INSURANCE CO LTD	CNE1000002L3	5.88% China Life Insurance Co. Ltd offers a broad range of life, accident and health insurances.

Summary

- Comprehensive structural reforms are designed to boost domestic demand and sustainably strengthen China's competitiveness
 - The Vontobel China Policy Performance Index reflects the value performance of companies that are likely to benefit most from the future economic policy orientations and measures of the Chinese government
 - The well-known analysis house NSBO analyses the policy fields and defines the relevant sectors and businesses
 - The Vontobel China Policy Performance Index is calculated with a semi-annual adjustment and contains at least four sectors at any given time in order to guarantee corresponding diversification
 - The management fee of 1.5% includes all analysis expenses, index calculation costs and transaction fees
 - Transparent, rules-based and cost-effective index concept
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Product details «Vontobel China Policy Performance Index»

Available for subscription
until
30.05.13, 4.00 pm CET

Investors wishing to **benefit** from the **structural reforms** of China can **participate in the value performance of the Vontobel China Policy Performance Index** in a simple and transparent way with the Bank Vontobel tracker certificate.

Product name	VONCERT (SVSP designation: Tracker Certificate 1300)
Underlying	Vontobel China Policy Performance Index
Security number / symbol	1415 0661 / VZCPC in CHF 1415 0663 / VZCPE in EUR
Issue price / price basis	CHF 101.50 (incl. CHF 1.50 issue premium)/ EUR 101.50 (incl. EUR 1.50 issue premium)
Management fee	1.5% p.a.
Initial fixing / payment date	31.05.2013 / 07.06.2013
Term	Open end
Listing	Applied for on the SIX Swiss Exchange

Risk factors

- Regional political and economic crises could affect the state support policy
 - A cooling down of growth in China and a slowing down of the demographic change may weigh on further performance of China
 - Issuer risk
 - Currency risk
 - No capital protection
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