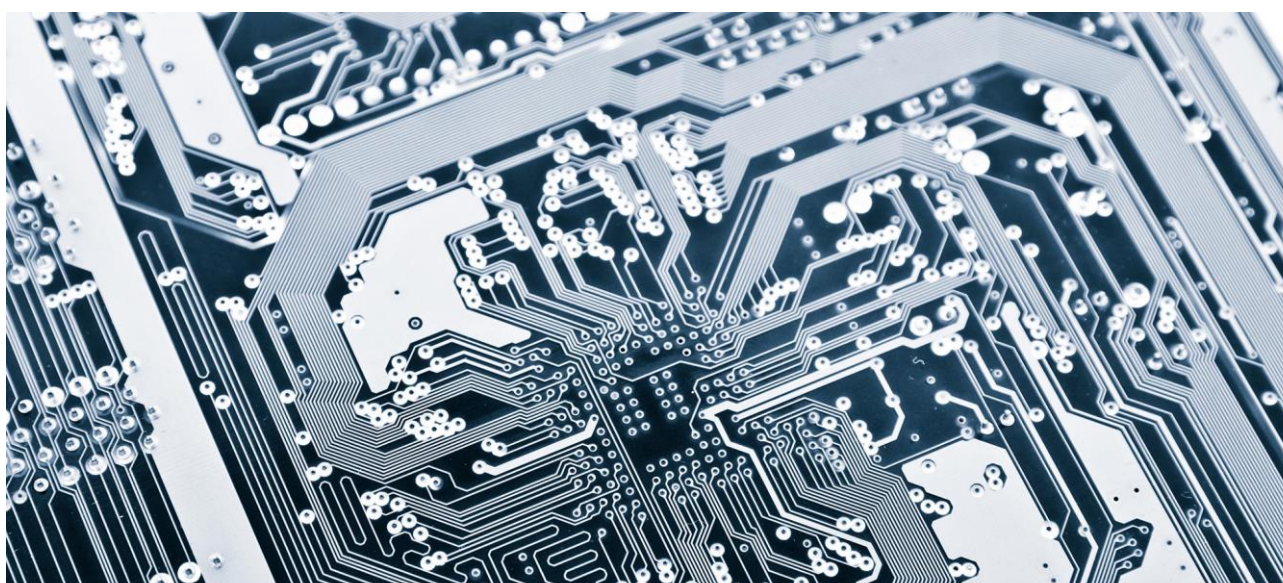


Semiconductors: The nervous system of digitalization?

Whether smartphones, cars, washing machines, or smart TVs: Semiconductor chips can be found in almost all electronic devices. Therefore, semiconductors lie at the heart of digitalization. Semiconductor sales used to be rather volatile, but the sector has now grown into a 450 billion dollar industry. Emerging technologies, such as 5G, artificial intelligence, or cloud computing, in particular, will likely give a further boost to semiconductors—and ensure stable yields.



What makes the Internet fast, telephones “smart,” or cars safer and more efficient? Semiconductor chips. The chips control the electric currents in order to process, store, and transfer data. However, beside tech giants like Facebook, Amazon, Apple, or Google, semiconductor companies are often overlooked, because they operate more in the background. At the same time, they are at least equally important for the digital economy of the 21st century.

Upswing thanks to AI, IoT, and 5G

Furthermore, semiconductors lie at the heart of emerging technologies, such as artificial intelligence (AI), the Internet of Things (IoT), quantum computers, or 5G. The attractive growth story of the semiconductor industry provides for strong investor interest. In fact, global semiconductor sales grew more than twice as fast in the past as the global GDP and made the sector into today's 450 billion dollar industry (Source: Bloomberg).

From B2C to B2B

Up to the 2010s, the semiconductor industry was considered to be volatile, which had negative impacts on profits. This was

mainly related to the fact that semiconductor chips were primarily installed in consumer electronics. This made them dependent on an industry sector in which end consumers ensured high price pressure—which was reflected in volatile yields. These days, the core market of semiconductor chips is more diversified. Apart from the entertainment industry, it is mainly the B2B market that provides more stability. The chips are installed increasingly in cars, industrial systems, or computer centers. The upswing of modern technologies ensures increased demand. At the same time, the price pressure is diminishing, because B2B customers are less price-sensitive than end customers. The semiconductor market therefore increasingly registers stable and attractive profit margins.

Even in years such as 2020 in which the global GDP growth and corporate profits were negative worldwide, the semiconductor industry delivered positive profit growth of 11% (Source: Vontobel Asset Management). These strong fundamentals could create good conditions for long-term-oriented investors to identify high-quality growth companies in the semiconductor sector.

Solactive Global Semiconductor Leader Index (NTR)

How do investors find those companies that have high potential in the semiconductor sector? Vontobel launched a tracker certificate on the Solactive Global Semiconductor Leaders Index (NTR) for this. The index tracks the equities of 20 companies that are leading in the development and production of semiconductors. The companies from the Solactive Global Semiconductor Leaders Index (NTR) exhibited disproportionately positive growth over the last five years compared to the overall market. Please be aware that past performance and simulations are not reliable indicators of future performance.

With a Vontobel tracker certificate in CHF or USD on this index, interested investors can participate in the development of these equities with just one investment. Please note that a management fee will be applied.

Investors in a certificate on the Solactive Global Semiconductor Leaders Index (NTR) should note that they bear, among other things, the credit risk of the issuer (the risk that the issuer of the certificate is not able to fulfill its obligations under the product).

INITIAL INDEX COMPOSITION

Applied Materials, Inc.	Intel Corp.	Micron Technology Inc.	STMicroelectronics N.V.
Advanced Micro Devices, Inc.	KLA Corp.	Maxim Integrated Products	Taiwan Semiconductor Manufacturing Comp., Ltd.
ASML Holding N.V.	Lam Research Corp.	NVIDIA Corp.	Texas Instruments, Inc.
Broadcom Inc.	Microchip Technology	Qualcomm, Inc.	VAT Group AG
Infineon Technologies AG	Marvell Technology, Inc.	Samsung Electronics Co., Ltd.	Xilinx, Inc.

KEY PRODUCT DATA*

SSPA Product type	Tracker certificate (1300)
Underlying	Solactive Global Semiconductor Leaders Index (NTR)
Determination date / value date	11 June 2021 / 16 June 2021
Term	Open End
Issuer	Bank Vontobel AG, Zurich (Moody's Langfristiges Depositenrating: Aa3)

* All information is indicative and may be adjusted. Only the term sheets published on www.derinet.com/ together with the associated notifications and adjustments are legally binding.

TRACKER CERTIFICATES

CURRENCY	CHF	USD
ISIN / Symbol	CH0595160075 / ZSOAYV	CH0595160067 / ZSOAXV
Issue price	CHF 100.00 (CHF 1.50 Issue fee included)	USD 100.00 (CHF 1.50 Issue fee included)
Reference price certificate	CHF 98.50	USD 98.50

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