

Vontobel Circular World Index: Recycling is a rising star

Reuse instead of refuse: Mountains of waste and the shortage of resources are making recycling imperative. By combining ecological gains with financial return, investors too can benefit from this trend.



Growing demand for waste management and recycling solutions

Waste mountains are growing while space on earth is becoming increasingly scarce. Calls for the sustainable use of natural resources are getting louder, as overexploitation and waste disposal are causing environmental and health problems. Burning refuse, for example, leads to harmful gases and toxic slag, which the planet, and humanity, will not be able to endure in the long run. To illustrate the situation: Every year, Switzerland produces some 24 million t of waste, two thirds of which is construction waste from demolition. One quarter is municipal waste, which is equivalent to about 700 kilograms of waste per inhabitant. We already consume about 1.5 times as much as the Earth is able to yield on a long-term basis. Last month, for instance, some 7 million t of resources were already extracted from the Earth. If we want to sustain our world and our health, we cannot simply go on as we do right now.

A silver lining on the horizon: the recycling economy

To put an end to ecological and health problems as soon as possible, there is a growing need for technologies and disposal solutions, especially also in view of the ecological and social development goals of the UNO, which all 193 member nations have unanimously adopted. The ideal model is the circular economy, which reduces the use of natural resources to sustainable level by recycling and reducing resource con-

sumption. The digitization trend could speed up the technological development of the recycling economy: State-of-the-art sensors and systems reduce the consumption of resources while enabling the recycling of waste and commodities. The growth potential of companies with appropriate technologies and established regenerative systems could be promising.

Index strategy and composition

In cooperation with the index sponsor Carnot Capital AG, the Circular World Index is offered to investors to enable them to invest in listed, established, and profitable companies that promote regenerative systems. The Circular World Index expressly comprises only companies whose products and technologies enable and promote the reuse of natural resources, thereby helping to combat the climate change. The main natural resources taken into consideration are water, metals, pulp, oil, gas, and agricultural land. The index reflects technologies and subjects such as wastewater cleaning, desalination, collection/sorting/recycling technology, sharing economy, bioplastic, renewable energies, ground decontamination, agriculture, food preservation, plant cultivation, and fishery. The index maps equities of least 20 percent North American and 20 percent European companies. However, the index may also contain up to 20 equities from non-OECD countries. Apart from good trading liquidity, the equities are selected under consideration of the fundamental analysis of the individual companies. Foreign exchange risks are not hedged.

Who is the index sponsor Carnot Capital AG?

Carnot Capital is an investment management company, specialized in the area of energy and resource efficiency. Founded in Zurich, Switzerland, in 2007, the company received permission to operate as an asset manager for collective investments from FINMA in 2013. The company manages the equity funds Carnot Efficient Energy and Carnot Efficient Resources under consideration of an ESG sustainability ex-

amination. Carnot buys equities of listed companies with products and technologies that reduce the consumption of natural resources. Due to the increasing shortage of resources and environmental problems, these companies can benefit from structural growth. The equities are picked on the basis of a value approach that combines quality and valuation indicators. The quality is mainly assessed on the basis of the debt ratio, the return on capital employed and the cash-flow strength. Other criteria in the selection process include the market positioning and the growth potential. The valuation indicators include the financial debt and other financial liabilities as well as non-operating assets.

INITIAL COMPOSITION

Resource focus	Water	Metals, pulp	Oil, gas	Agricultural land
Companies	SUEZ SA	Spectris	Heritage-Crystal Clean, Inc.	US Ecology, Inc.
	Daiseki Co., Ltd.	Umicore	TOMRA Systems ASA	Novozymes
	Thermo Fisher	Valmet	Corbion	DSM
	Energy Recovery	Dongjiang	Siemens Gamesa	Sakata Seed Corporation
	AF Pöyry	Sixt SE	Solar Edge	Salmar

KEY PRODUCT DATA*

SSPA product type	Tracker certificate (1300)
Underlying	Vontobel Climate Impact Index (index currency CHF)
Determination date/value date	March 16, 2020 / March 20, 2020
Maturity	Open end
Management fee	1.20% p.a.
Issuer	Vontobel Financial Products Ltd., DIFC Dubai (not subject to any supervision and has no rating)
Guarantor	Vontobel Holding AG, Zurich (Moody's A3)

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

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Issue price	CHF 101.50 (CHF 1.50 issue fee included)	USD 101.50 (USD 1.50 issue fee included)	EUR 101.50 (EUR 1.50 issue fee included)
Initial Reference Price of Underlying	CHF 100.00	CHF 100.00	CHF 100.00

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