Vontobel

ESG: Breaking through barriers. Building opportunities.

How product providers and advisers can unlock the vast potential of ESG.

December 2021

Asset Management

How fast can people change their behavior? Sometimes, all it takes is a couple of days. For instance, donning a medical mask on public transport is now hard-wired in our system, which would have been unthinkable in Europe a short while ago. Sometimes, this can take months or years – the number of electric vehicles parked outside our headquarters in Zurich is rising, albeit slowly.

In investment circles, one of the great changes we have witnessed in the past few years is the strong pick-up of so-called sustainable products. This trend started long before the latest United Nations climate change conference in Glasgow. The reason is simple. There is very little carbon dioxide in our atmosphere – a drop in a pool of water, as it were – but constantly adding a few drops causes huge problems. Measuring the chemical components of the Earth's atmosphere is easy. Setting globally accepted rules to lower emissions, and getting everybody to act on net-zero pledges, is much harder.

Whilst multilateral treaties can move the needle, the legwork needs to be done by the corporate world. And this is also where the financial industry can play a part: in trying to identify today's sustainability winners, or tomorrow's champions, and making them accessible to investors. Our latest survey of ESG knowledge in the investing community shows that more and more people are interested in companies that observe environmental, social, and governance standards, and that the growth potential remains huge.

So, before you don your medical mask in a train, or switch on your green energy-powered engine, I invite you to take a look at the results of our recent survey.

Christel Rendu de Lint
Deputy Head of Investments,
Vontobel

What do you believe in?
Act ESG by Vontobel Asset Management signals a discussion on sustainable investing. As ESG becomes mainstream, the number of options and approaches increases as well.

Further information
vontobel.com/act-esg

Breaking through barriers

ESG presents a fast-growing opportunity for intermediaries. Increased awareness – from growing climate change concern through to changing behaviors and attitudes post-Covid, not to mention current social, inclusion and diversity drivers – is stimulating powerful demand from retail investors.

Current ESG exposures are low

Q: Within your average client portfolio, what approximate percentage is allocated to ESG products or strategies?

0 to 5%	6 to 25%	26 to 50%	>51%
37%	50%	8%	5%

But ESG is set to almost double within the next three years.

Q: What percentage of your total book of business is invested in ESG?

	Today	Next 3 years
Americas	11%	20%
Europe	20%	40%
APAC	16%	21%

And the number of clients invested will continue to rise sharply.

Q: What proportion of your clients belong to the following groups?

	Currently invest in ESG products.	Do not currently invest in ESG products and have no plans or interest in doing so.
3 years ago	8%	54%
Today	18%	37%
Next 3 years	31%	27%

Advisers hold the key

Advisers only recommend ESG to a quarter of clients.

Q: In the past 12 months, to what percentage of clients did you recommend an ESG product?

Only 20 percent of advisers fully embed ESG into their process.

And 2/3 of clients have either never heard of or know very little about ESG.

Q: Across your book of clients, what percentage...?

29% Have never heard of an ESG approach to saving and investment.

30% Have heard of an ESG approach to saving and investment but know very little about it.

Building opportunities

Process, training and clarity are vital.

Q: Which of the following will make you more likely to recommend ESG products?

72% of advisers want straightforward explanations of ESG products, approaches and terminologies.

64% would like to attend a training program on ESG, preferably online.

To yield promising rewards.

62% of advisers believe ESG attracts new clients.

59% of advisers believe ESG fosters deeper engagement.

51% of advisers say it encourages stronger client relationships.

Sources: Vontobel original research, August/September 2021, based on survey of 200 respondents in Europe, Americas and Asia Pacific.

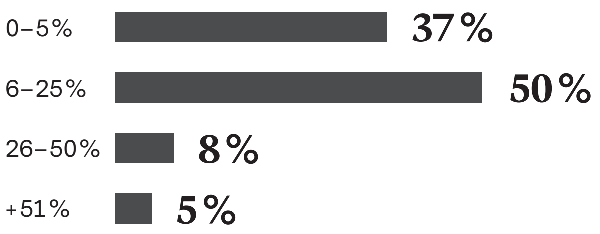
Breaking through barriers

ESG has been moving mainstream on the institutional side for some time now, but ESG investment products also present an enormous opportunity for intermediaries.

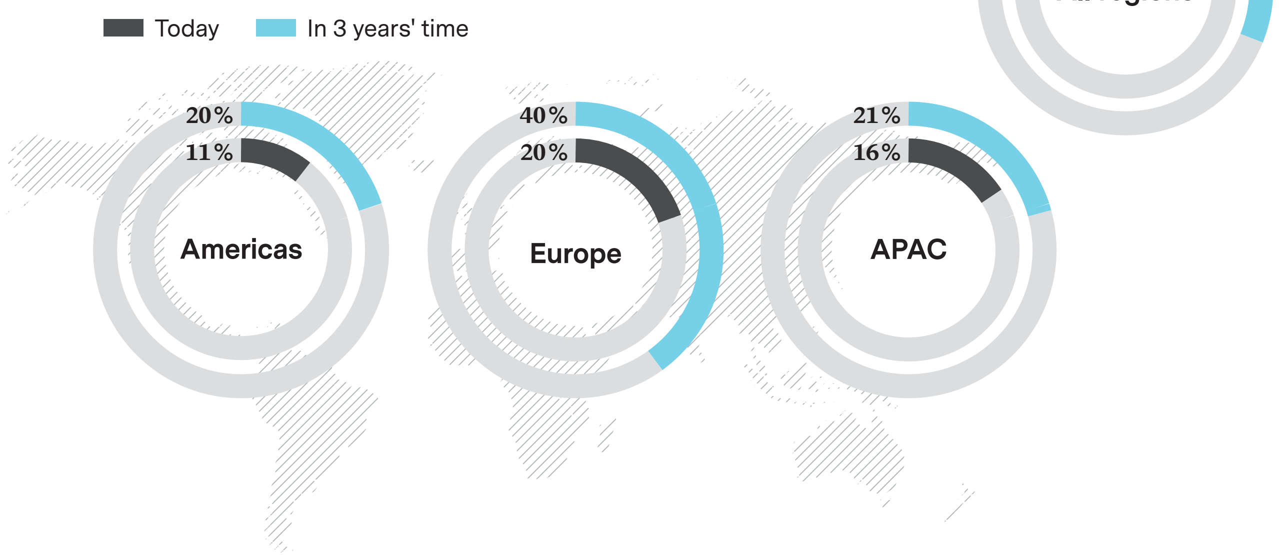
Increased awareness – from growing climate change concern through to changing behaviors and attitudes post-Covid, not to mention current social, inclusion and diversity drivers – is stimulating powerful, once-latent demand from retail investors.

Starting from a lowish base, the private investor ESG market looks certain to follow the trajectory of the institutional market and exhibit tremendous growth. Currently, exposures are low, with the average client having between 5-25 percent allocations to ESG.

Q: Within your average client portfolio, what approximate percentage is allocated to ESG products or strategies?



Q: Approximately, what percent of your total book of business is invested in ESG?

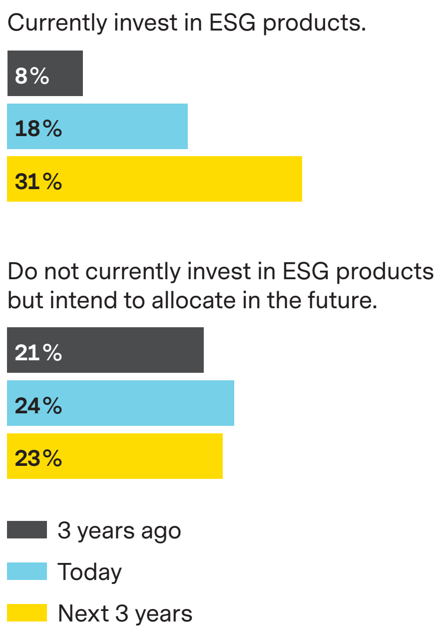


Substantial ESG increases ahead
But advisers in all three of the regions under review expect their ESG allocations to increase in the next three years' time. The most significant rise will be in Europe with allocations rising from 20 to 40 percent, followed by the Americas rising from 11 percent to 20 percent, and APAC with a smaller expected rise from 15 to 21 percent.

Clients invested in ESG to rise in the next three years
The number of clients invested in ESG strategies has risen sharply over the past 3 years from 8 percent to 18 percent. As might be expected, European clients are a key driving force behind this trend (41 percent for Europe in the next three years) but increases are expected in all three regions.

Tellingly, the proportion of clients not invested in ESG and who also have no interest in doing so is also predicted to decrease across all regions.

Q: What proportion of your clients belong to the following groups? (All regions)



"This growth trend will continue. At the moment, we have about 60 percent in sustainable funds. We'll enhance this to 70 percent or maybe 80 percent.

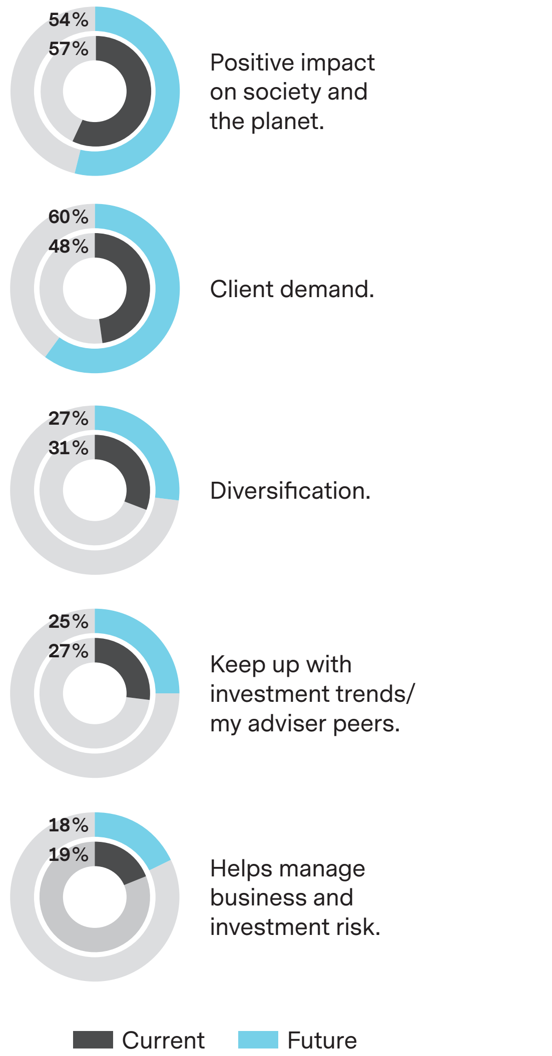
Also, clients who currently only use ESG in equities maybe will enhance this and include other asset classes"

Simone Schieg, Consultant, Scope Analysis GmbH

What's driving this growth?
Advisers gave a mixed response as to what the drivers behind this expected growth were.

Currently, the lead driver was to create a positive impact on the planet (57 percent) but in the future client demand was expected to be the primary reason (60 percent over all regions). This was especially thought to be the case in APAC (74 percent) and the Americas (68 percent), indicating strong future growth potential.

Q: What are/would be your current and future reasons for including ESG investing in your wealth planning process? (All regions)



Sources: Vontobel original research, August/September 2021, based on survey of 200 respondents in Europe, Americas and Asia Pacific.

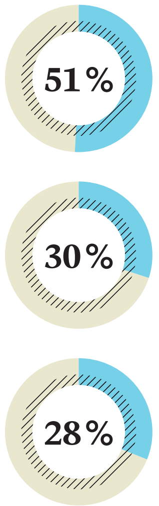
Advisers hold the key

And yet, there are many barriers to igniting this market. Many of them are structural and our survey shows that adviser support is central to these barriers. As the key conduit in exposing clients to ESG investing it's critical that advisers have the tools and knowledge to understand and promote it effectively.

There are 5 barriers that are key to unlocking ESG:
- Clarifying responsibility for ESG advocacy
- Continued refinement of product offering
- Honing the advising process
- Adviser training
- End-client education

ESG could be made more visible
Even though the majority engage clients on ESG (51 percent), and a further 30 percent feature a question in their initial fact-find, around 30 percent of advisers don't proactively offer ESG investments or actually advise against it.

Q: How do you typically approach ESG investing in your relationship with clients? (All regions)



51 % – I regularly offer ESG options over the course of our client communications and at annual reviews.

30 % – I feature a set question within the initial fact-finding meeting.

28 % – I don't offer ESG investments unless clients specifically ask for them.

ESG is not fully part of advisers' processes
Only a fifth fully embed it in their processes, with almost half believing that ESG is only relevant to specific client portfolios.

Q: How is ESG investing currently positioned within your business? (All regions)

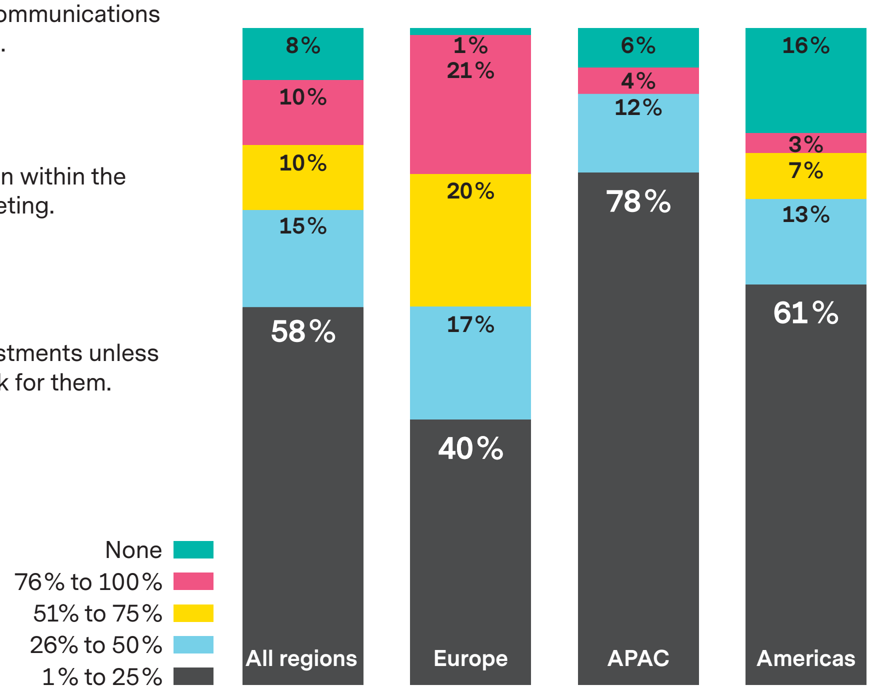
18 % Fully embedded into my client relations and wealth planning process.

36 % Partially embedded in my client relations and investment process.

47 % Only relevant to specific clients or specific parts of portfolios.

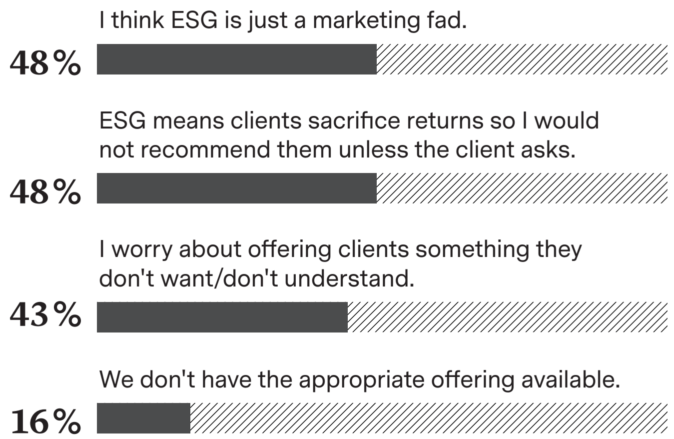
Low rates of recommendation
In fact, most have recommended ESG to less than a quarter of clients in the last year, with around 15 percent saying that they suggested this approach to around a quarter-to-a-half of their clients.

Q: In the past 12 months, to what percentage of clients did you recommend an ESG product?



Why are advisers hesitant to fully engage on ESG?
The hesitance around advisers proactively offering ESG investments is driven by a number of factors. Primarily (48 percent), they're concerned about clients sacrificing returns or worried about ESG being a marketing fad. Advisers also worry about offering clients something they don't want or understand (43 percent).

Q: What is the reason for not offering ESG investments unless clients ask for them? (All regions)



Progress to be made
While ESG has enjoyed growing popularity among retail investors, there is still considerable progress to be made. Currently, only 25 percent of investors have chosen most or some of their savings and investments with ESG principles in mind.

The vast majority either have heard of it but know very little about it (30 percent) or have actually never heard of an ESG approach to saving and investment (29 percent).

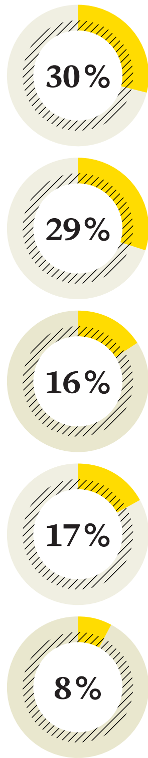
These results would suggest there is an opportunity for advisers to fill in the knowledge gap by providing clearer guidance and information.

No follow-up dialog
What's more there's little further dialog if an ESG option is not selected. When clients do not express a preference to ESG strategies advisers tend to move on with recommending non-ESG products (71 percent).

Only a quarter of advisers broach the subject and discuss the reasoning behind clients' choice.

Too little is known about ESG
But perhaps the most powerful barrier to ESG uptake is that most clients do not know enough about it or are even entirely unaware of it.

Q: Across your book of clients, what percentage...? (All regions)



30 % – Have heard of an ESG approach to saving and investment but know very little about it.

29 % – Have never heard of an ESG approach to saving and investment.

16 % – Are well informed on what an ESG approach to saving and investment means but have decided it is not right for them.

17 % – Have at least some savings and investments chosen with ESG principles in mind.

8 % – Most of their savings and investments are chosen with ESG principles in mind.

Sources: Vontobel original research, August/September 2021, based on survey of 200 respondents in Europe, Americas and Asia Pacific.

Adviser voices

With adviser actions and attitudes holding the key to future ESG investing growth, we looked more deeply into their views on ESG comprehension and outlook as well their thoughts on roles and responsibilities, performance and fund selection.

Client understanding of ESG
While it's commonly held that ESG investing is at different stages in different regions of the world, our interviews revealed differences even within regions.

So, for example, while Joyce Ngan, Head of Funds, APAC, Deutsche Bank observed that "In terms of knowledge among Asian clients, I tend to see both extremes; they are either interested and really get into it or they are just not interested at all. It has definitely risen, compared to one or two years ago, but it's nothing like the appetite in Europe," and Mikael Palmgren at EAB Asset Management felt that "Clients in Finland are quite well aware of ESG. Clients are quite comfortable with being able to analyze such products," Philipp Achenbach at TauRes Gesellschaft für Investmentberatung believed that there was "a wide variety in understanding. People understand ESG factors and impact better than the investment itself. This is because in Germany not that many people know a lot about investments."

The reality globally is that there's a spectrum of ESG investment understanding, not all fitting commonly held beliefs and mainly tending towards a lack of understanding on the side of clients.

Responsibility for ESG advocacy
Our survey found that there was some confusion as to whose responsibility it was to promote ESG investing to clients. Just under half (47 percent) of advisers felt that the responsibility lay with themselves, with 54 percent feeling it was up to the financial industry and 39 percent believing that responsibility lay with the investors.

This was further borne out in our in-depth adviser discussions. Pascal Vernerie of Amundi believes "What is sure is we need the regulator [to encourage ESG investment]. For instance, if you want to increase the price of carbon, it is necessary to have the regulator to make the changes possible. If the regulator doesn't do anything about the price of carbon, it will be very difficult to change and to adopt a new way of doing business." And, while Paris Jordan at Waverton Investment Management felt that "It should come from industry leaders like board members and CEOs; those who really have the influence to make the change happen." She also concurred that "It should also come from regulation."

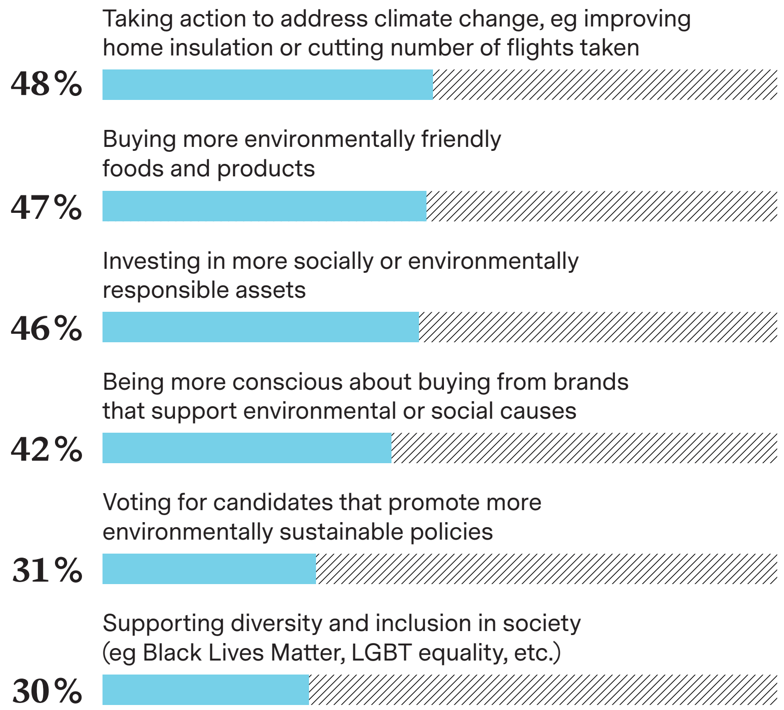
"Though I am not a fan of regulation, right now it is the only way to create a short-term push in the right direction."

Paris Jordan, CFA, Multi-Asset Analyst, Waverton Investment Management

Ultimately a combination of industry, regulator and investor action is most likely what's needed, as Simone Schieg of Scope Analysis noted "In order to promote ESG investments and to encourage retail investors to invest, effective interaction of different parties is required."

This sentiment was echoed by Belen Martinez Vila at Santander Private Banking, "I believe it's a shared responsibility among everyone, the regulator has to create the framework in Europe and elaborate on them; the industry, as both clients and providers we must continue adapting to these norm and at the same time evolve; the adviser is the one who has to plant the ideas in their heads as to why these investments are worthwhile. As for clients, if they see something they don't like or they need more clarification, they need to be upfront with us. It's a circle where we're all going in the same direction."

Q: Has your experience during the Covid-19 pandemic made you more or less interested in doing each of the following during 2022? (All regions)



The Covid effect

As in so many other of life's matters, the COVID-19 pandemic has had an effect on advisers' ESG views.

In fact, the pandemic has led to some advisers being more interested in supporting certain causes, with approximately half taking more action to address climate change (48 percent), buying more environmentally friendly foods and products (47 percent) and investing in more socially or environmentally responsible assets (46 percent).

These behavior changes were more prominent among advisers in Europe but there was a marked change in attitudes in all regions overall.

"We only do it very selectively for some products, but I expect this momentum to increase next year. The younger generation is also a lot more open to the idea of ESG investing."

Joyce Ngan, Head of Funds, APAC, Deutsche Bank

ESG investment in three years' time
The growth potential of ESG was an area where we saw very broad agreement. "Allocations from new clients will be at 100 percent ESG in three years' time," believes Philipp Achenbach, and Mikael Palmgren observed "We're seeing a lot of new ESG products even on the fixed income and high yield sides. With these developments I would envisage it being 100 percent in two to three years' time."

Pascal Vernerie added "The investing class of impact investing is still a minority, but ESG integration is everywhere." In Spain, Belen Martinez Vila, agreed, "Currently, roughly 10 percent are invested in funds with these characteristics and I believe it could easily be 40 percent within the next 3 years."

Impact on performance
While ESG's performance impact has often been a matter of debate, many of the advisers we spoke to seemed to be aligning on ESG as having at worst a benign or, more commonly, a positive impact on performance.

“Historically, there's been a misconception that returns are not generated from ethical portfolios. But now, mega studies show that the majority of the time, there is actually a positive relationship between returns and ESG investing." said Paris Jordan.

Philipp Achenbach's view was "I would say there's no impact on performance. Rather, there are good business models and bad business models – some of which are scalable, and some are not. Return on investment is decided by which market you choose. So, if you have a good stock, and it makes a good return on investment, it doesn't matter if it is ESG or not. The ESG factor just helps to have no surprises.”

Simone Schieg felt that “The majority of our clients do not see sustainable funds primarily as a source of outperformance, but rather as a stabilizing factor in the portfolio. Nevertheless, the performance must be satisfactory. Therefore, we only recommend sustainable products that have sound financial ratings, in addition to a high ESG score.”

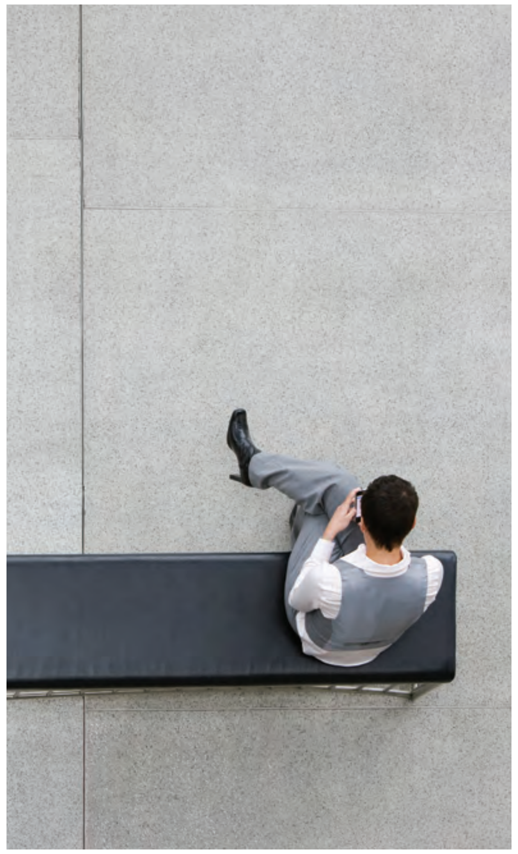
Fund selection
Fund selection had a number of drivers. For Paris Jordan, “Quality of fund management is key. When I'm evaluating investments, I always look at the company, the team, the investment process, the outcomes, portfolio construction, risk management and the operational team, diversity etc. These are all elements which are hugely important when evaluating ESG managers and non-ESG managers."

And for Mikael Palmgren choosing an ESG fund was "the right thing to do and better for the environment and society as a whole. If two strategies have equal return, I think everyone is going to choose the ESG product because of these issues. Also, if we have regulation that is good, you can trust it's done correctly and avoid greenwashing as well.”

For Simone Schieg fund selection was "a mixture of our personal conviction and our expertise — a combination of the cost, the number of employees in the ESG team, track record, transparency, service quality and German language documents.” While for Belen Martinez Vila, "the challenge is understanding the processes and the sustainability teams during every step... how they’re integrating ESG in their decision-making and how they’re picking one company over another; what they’re valuing aside from the usual criteria." In short, being "able to see not just the financial returns, but also the impact on societal factors with those investment decision in society and the environment."

“In the long run they are superior. In the short run there might be small trade-offs, but I believe ESG has proven it has the same returns or even higher than a traditional index. Those companies with better environmental, social and governance score have a higher return for investors than those who don’t.”

Belen Martinez Vila, Responsable de Fondos de Inversión ESG (Head of ESG investing), Santander Private Banking



“In the very early phase of ESG, a lot of it is done through elimination. When you eliminate you have less to work with. This forms the buyers’ opinion that ESG equals to poor performance.”

Joyce Ngan, Head of Funds, APAC, Deutsche Bank

“The asset manager and the adviser need to be quite aware of nuances and differences between products. If I look at five different global environmental funds, the client might think they are the same and they will look at which has performed better and which has performed worse.”

Mikael Palmgren, Senior Client Executive, Institutional Clients, EAB Asset Management

Challenges
A mixture of information overload and not having the right information was a challenge for advisers. “Analysts do receive a lot of information... The challenge we’re seeing is precisely what to do with that information, which is very technical, and how to transmit this in a digestible manner to clients for those who understand." And that information "needs to be simplified but without losing the essence of what each thing means." said Belen Martinez Vila.

For others, greenwashing and problems of true authenticity were more pressing. Paris Jordan: “Authenticity and intentionality [are the biggest challenges in ESG investing]." I spend a lot of time identifying who is authentic and why they're authentic. It's not just about their investment process, or what the corporation says or what they did; it's their passion, their interest, their alignment with values."

“Transparency is one of the parts we are struggling with most. Managers can say good things but what we mainly need is information from the investment fund manager or the key manager. If we get that information, then it helps us to do our job.”

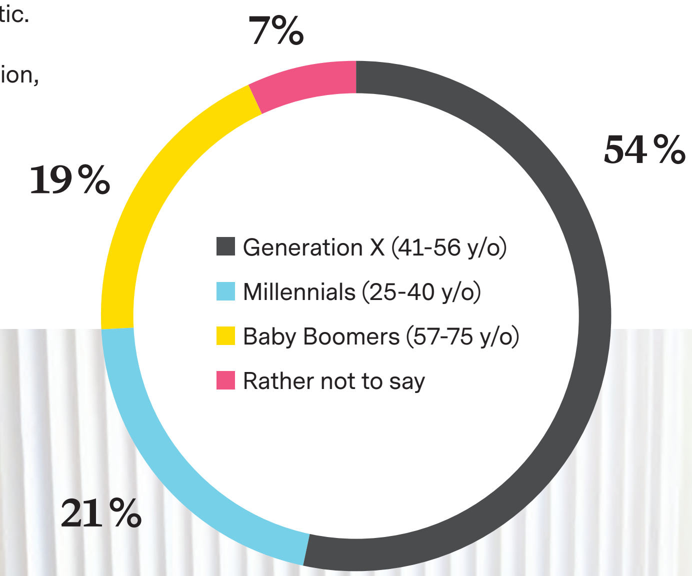
Philipp Achenbach, Specialist Consultant for Sustainable Investment, TauRes Gesellschaft für Investmentberatung

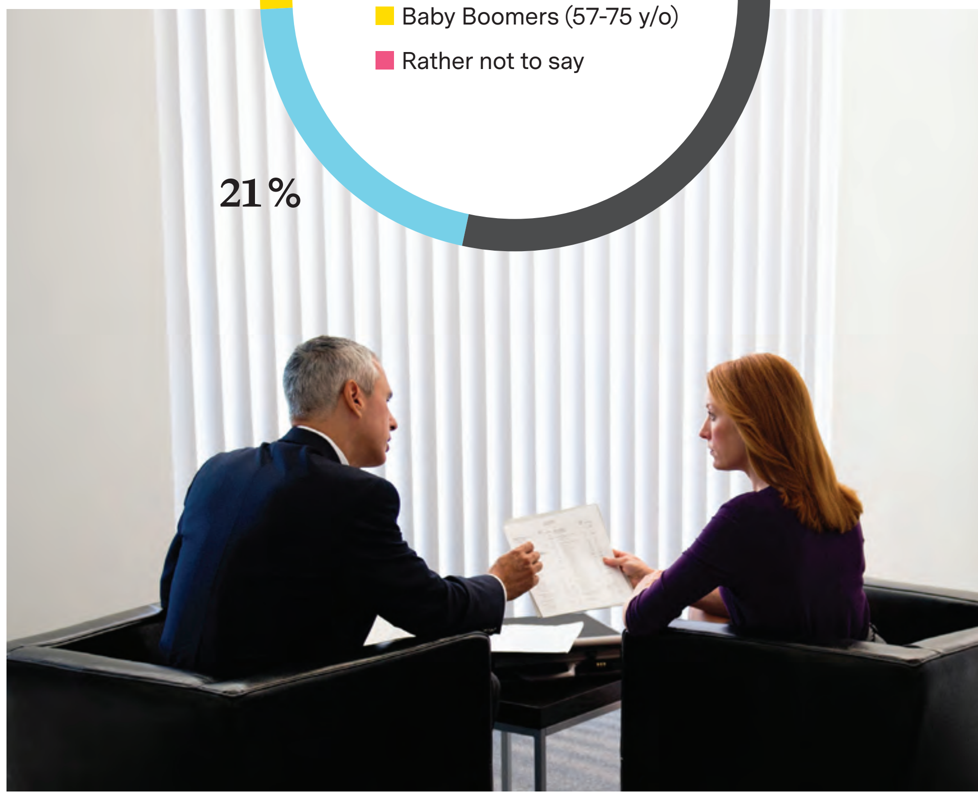
The importance of millennials

In our study over half of respondents belong to Generation X (54 percent), with Millennials comprising the second biggest age group (21 percent).

We believe that, by definition, Millennials will become increasingly important, and given their well-documented preferences for sustainable investing, we see this as another key factor that is likely to drive increasing demand for ESG investment products.

Intermediaries everywhere should prepare for this.





Building opportunities

Addressing the barriers

One of the most fundamental issues that our survey surfaced was confusion over who's responsibility it was to encourage greater ESG investment. Advisers believed it was mainly with the financial industry (54 percent), followed by the advisers themselves (47 percent) and then the end investor (39 percent). In reality, a collaborative approach probably makes the most sense.

Who should promote ESG investment? (All regions)

54% Advisers believed it was mainly with the financial industry...

47% ...followed by the advisers themselves.

39% ...and then the investor.

Preparation for the future

In terms of confidence in handling ESG matters and accommodating increases in their business, three-quarters of the respondents felt confident but they did feel that a lack of data, research and information was a key challenge, with 86 percent feeling hindered by this.

Training is appreciated

Most advisers (64 percent) would like to attend a training program on ESG, preferably online. And they'd prefer that training to come from investment providers (55 percent) rather than more general resources such as websites (46 percent) or ESG research and rating providers (42 percent).

Greater clarity needed

ESG can involve complicated terminology and concepts and, unsurprisingly, clearer options and more straightforward products were the two top improvements that advisers believed would make them more inclined to recommend ESG products to clients.

Q: Which of the following will make you more likely to recommend ESG products? (All regions)

Clear, simple options to help advisers align client values and risk tolerance with appropriate ESG investments.
72%

Straightforward explanations of ESG products, approaches and terminologies.
67%

A broader variety of quality ESG products.
57%

Training about ESG investment so I better understand and can relay the information to my clients.
40%

Having access to products from large well-known brand.
39%

Better data/reporting.
39%

A roadmap to opening the ESG opportunity

For ESG to grow further and more rapidly in the retail investment sector, the entire intermediary distribution chain must be considered and barriers at each level lifted.

If advisers are provided with the right processes, tools, training and information they will be better equipped to introduce clients into the burgeoning, high-potential ESG investment market.

Addressing these barriers will open up the potential of vast latent ESG demand. And the benefits do not stop there — many believe that ESG broadens advisers' offerings, and helps build and deepen engagement and strengthens client relationships. A strong value proposition for all involved in the intermediary chain.

"We need a mix of regulation and decisions from financial industry which needs to make the effort to finance the change. If we, as a bank or as an asset manager, do not invest or encourage ESG investments, nothing will be possible for our business later on."

Pascal Vernerie, SRI funds analyst, Amundi

62% of advisers believe ESG attracts new clients.

59% of advisers believe ESG fosters deeper engagement.

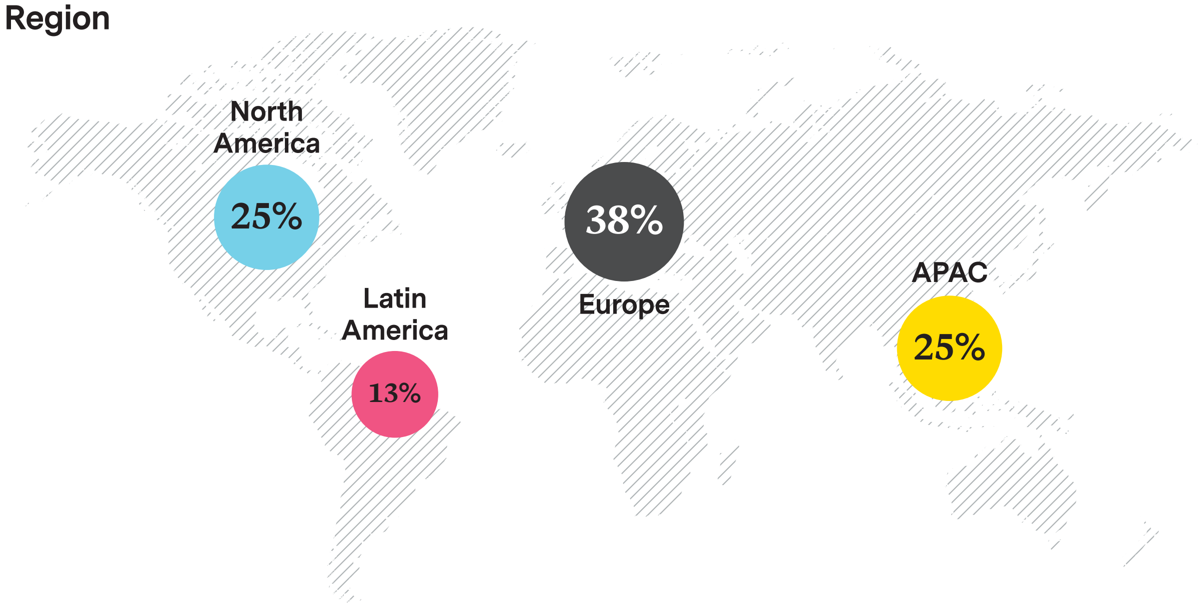
51% of advisers say it encourages stronger client relationships.

Sources: Vontobel original research, August/September 2021, based on survey of 200 respondents in Europe, Americas and Asia Pacific.

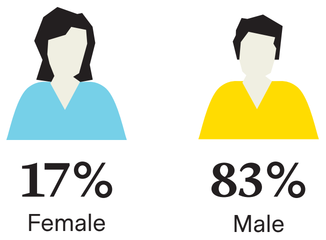
About the research

The study included an equal number of surveyed advisers based in Europe, the Americas (10 percent of the former coming from the UK and 13 percent of the latter belonging to Latin America) and APAC. An overwhelming number of respondents identify as male (83 percent). Over half belong to Gen X (54 percent), with Millennials comprising the second biggest age group (21 percent).

Region

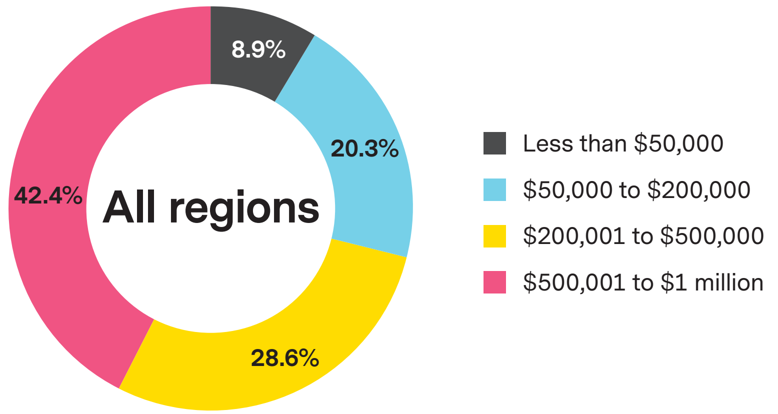


Gender



Age

Wealth categories according to size of personal book of business



Vontobel would like to extend their thanks to the following people for their contributions in this survey.

Philipp Achenbach, Specialist Consultant for Sustainable Investment, TauRes Gesellschaft für Investmentberatung

Paris Jordan, CFA, Multi Asset Analyst, Waverton Investment Management

Belen Martinez Vila, Responsable de Fondos de Inversión ESG (Head of ESG investing), Santander Private Banking

Joyce Ngan, Head of Funds, APAC, Deutsche Bank

Mikael Palmgren, Senior Client Executive, Institutional Clients, EAB Asset Management

Simone Schieg, Consultant, Scope Analysis GmbH

Pascal Vernerie, SRI funds analyst, Amundi

Sources: Vontobel original research, August/September 2021, based on survey of 200 respondents in Europe, Americas and Asia Pacific.
Data may not sum to 100% due to rounding.

Vontobel uses only recycled paper for printing. It takes about 1.5 times less energy and 2.5 times less water to produce recycled paper than it does to produce paper from fresh fiber. Recycled paper also cuts greenhouse gas emissions by more than 20 percent. We offset the remaining emissions with various CO_2 projects around the world.

Further information
vontobel.com/sustainability

Important legal information

The information contained in this document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to applicable laws or regulations, or which would subject Vontobel or its affiliates to any registration requirement within such jurisdiction or country. Vontobel makes no representations that the information contained in this document is appropriate for use in all locations, or by all readers. This document does not constitute and shall not be construed to constitute a recommendation, offer or solicitation, to the public or otherwise, to subscribe for, buy, hold or sell any financial instrument, whether directly or indirectly, in any jurisdiction. **USA**: Distributed to US persons by Vontobel Asset Management, Inc. (VAMUS), Vontobel Swiss Wealth Advisors AG (VSWA) and Vontobel Securities Ltd. (VONSEC). VAMUS and VSWA are registered with the U.S. Securities and Exchange Commission (SEC) as investment advisers under the U.S. Investment Advisers Act of 1940, as amended. Registration as an Investment Adviser with the U.S. Securities and Exchange Commission does not imply a certain level of skill or expertise. VONSEC is registered as broker-dealer with the SEC under the U.S. Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). VAMUS, VSWA and VONSEC are wholly owned subsidiaries of Vontobel Holding AG, Zurich, Switzerland. VONSEC accepts responsibility for the content of a report prepared by a non-US affiliate when VONSEC distributes the report to US persons. **UK**: This document was approved and is being distributed by Vontobel Asset Management SA, London Branch, which has its registered office at Third Floor, 70 Conduit Street, London W1S 2GF, UK (Registered in England and Wales with number BR009343), and is authorized by the Commission de Surveillance du Secteur Financier (CSSF) and subject to limited regulation by the Financial Conduct Authority (FCA). Details about the extent of regulation by the FCA are available from Vontobel Asset Management SA on request. **Singapore**: This document has not been reviewed by the Monetary Authority of Singapore. This document was approved by Vontobel Asset Management Asia Pacific Ltd., which has its registered office at 1901 Gloucester Tower, The Landmark 15 Queen's Road Central, **Hong Kong**. This document should not be considered as an invitation for subscription or purchase of financial instrument, whether directly or indirectly, to the public or any member of the public in Singapore. Hong Kong: The contents of this document have not been reviewed nor approved by any regulatory authority including the Securities and Futures Commission in Hong Kong. This document was approved by Vontobel Asset Management Asia Pacific Ltd. with registered office at 1901 Gloucester Tower, The Landmark 15 Queen's Road Central, Hong Kong for use in Hong Kong. You are advised to exercise caution and if you are in any doubt about any of the contents, you should obtain independent professional advice. **Australia**: This document has been approved by Vontobel Asset Management Australia Pty Limited (ABN 80 167 015 698), which is the holder of Australian Financial Services Licence number 453140 and which accepts responsibility for its content. More information for investors domiciled in Australia is avail-able from the following address: Vontobel Asset Management Australia Pty Ltd., Level 20, Tower 2, 201 Sussex St, NSW-2000 Sydney, Australia. The information in this document was not prepared specifically for investors in Australia. It (i) may contain references to dollar amounts which are not Australian dollars, (ii) may contain financial information which is not prepared in accordance with Australian law or practices, (iii) may not address risks associated with investment in foreign currency denominated investments; and (iv) does not address Australian tax issues. **Germany**: Bank Vontobel Europe AG is authorized and regulated by the Federal Financial Supervisory Authority (BaFin), registered in the Commercial Register of the Amtsgericht München under number HRB133419 with registered office at Alter Hof 5, 80331 München. Details about the extent of regulation are available from Bank Vontobel Europe AG on request. **Italy**: This document was approved and is being distributed by Vontobel Asset Management SA, Milan Branch, which has its registered office at Piazza degli Affari 3, I-20123 Milano, Italy (Contact: +38 (0)26 367 344) and is authorized by the Commission de Surveillance du Secteur Financier (CSSF) and subject to limited regulation by the Banca d'Italia and Commissione Nazionale per le Società e la Borsa (CONSOB). Details about the extent of regulation by the Banca d'Italia and CONSOB are available from Vontobel Asset Management SA on request. The contents of this document have not been reviewed nor approved Banca d'Italia or CONSOB. **France**: This document was approved and is being distributed by Vontobel Asset Management SA, Paris Branch, which has its registered office at 10, Place Vendôme, 75001 Paris, France and is authorized by the Commission de Surveillance du Secteur Financier (CSSF) and subject to regulation by the Autorité des Marchés Financiers (AMF). Details about the extent of regulation by the AMF are available from Vontobel Asset Management SA on request. **Spain**: This document was approved and is being distributed by Vontobel Asset Management SA, Madrid Branch, which has its registered office at Paseo de la Castellana 95, Planta 18, E-28046 Madrid, Spain and is authorized by the Commission de Surveillance du Secteur Financier (CSSF) and subject to regulation by the Comisión Nacional del Mercado de Valores (CNMV) with identification number 41. Details about the extent of regulation by the CNMV are available from Vontobel Asset Management SA on request.

Disclaimer

This document is a general communication that is not impartial and has been prepared solely for informational and educational purposes only. The information and opinions (together, "information") contained in this document is not intended to be relied upon as a forecast, research, recommendation or investment advice. Decisions based on information contained in this document are the sole responsibility of the reader. You must not rely on any information contained in this document in making an investment or other decision. This document has not been based on a consideration of any individual investor circumstances. Nothing in this document constitutes, or shall be deemed or construed to constitute, tax, accounting, regulatory, legal, or insurance advice, or investment or any other kind of advice to subscribe for, purchase, hold or sell any securities or other financial instrument, to effect any transactions, or to adopt any investment strategy. All information in this document is provided on an "as is" basis based on the knowledge and/or market assessment as of the date of the document or as at the time specified in the document without any representations or warranties of any kind, either expressed or implied. Vontobel shall not be liable for any direct or indirect loss or damage, including but not limited to loss of profit, that may be suffered as a result of information provided in this document, or for any loss or damage resulting either directly or indirectly from use of any of the information contained therein. Any information comprised in this document may be superseded by, or change due to, subsequent market or political events or for other reasons, but there is no obligation on the part of Vontobel to update this document. Any projections, forward-looking statements or estimates contained in this document are speculative and due to various risks and uncertainties, there can be no assurance that the estimates or assumptions made will prove accurate, and actual events or results may differ materially from those reflected or contemplated in this document. The views and opinions herein are those of the individuals mentioned above and do not necessarily reflect the opinions of Vontobel, unless issued by employees of the firm. Opinions expressed in this document are subject to change based on market, economic and other conditions. Information in this document should not be construed as recommendations, but as an illustration of broader economic themes. Keep in mind that past performance is not a reliable indicator of current or future performance and forecasts are inherently limited and should not be relied upon as an indicator of future performance. To the maximum extent permitted by law, Vontobel rejects any liability in any way for any loss or damage suffered by you through use of or access to this information, or Vontobel's failure to provide this information. Although Vontobel believes that it has taken due care in compiling the contents of this document, Vontobel does not warrant, either expressly or impliedly, the accuracy, correctness, or completeness of the information, text, graphics, or other items contained in this document, and the document should not be relied upon as such. Vontobel accepts no liability in respect thereof. No information contained in this document shall be deemed or construed to create any contractual relationship between the providers of such information and the reader of this document. All components of this document are protected by intellectual property laws and are the property of Vontobel or third parties. The information in this document is solely for your personal, non-commercial use. Vontobel, its directors or employees may have previously invested, may be currently investing or may in future invest in financial instruments in respect of which this document comprises information or opinions. It is also possible that Vontobel has previously provided, is currently providing or will in future provide services to the issuers of such financial instruments, including, for example, corporate finance or market making services. Furthermore, it is possible that employees or directors of Vontobel have previously performed, are currently performing or will in future perform certain functions on behalf of the issuers of such financial instruments, e.g. serving as director. Vontobel, its directors or employees could therefore have an interest in the future performance of financial instruments.

Vontobel Asset Management
Gotthardstrasse 43
8022 Zurich
Switzerland

vontobel.com/am