

Speech held at the 40th Ordinary General Meeting of Shareholders

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Check against delivery.



Ladies and Gentlemen Dear Shareholders

2022 is often described as a “perfect storm of events” that impacted financial markets negatively. And indeed, the world has seldom witnessed a simultaneous decline of bonds and equities in the magnitude of 20 percent. Financial market participants were, of course, taken by surprise. The finance industry has often been accused of viewing the world exclusively through the lens of financial markets. Let us instead look at the tectonic geopolitical shifts and other changes that occurred over the last 12 months. We will then turn our attention to Vontobel’s performance, our firm’s strategy and the outlook for 2023 and beyond.

The geopolitical landscape changed fundamentally—and perhaps irrevocably—in 2022

If there was any doubt at the start of 2022 that a fundamental change had occurred in the geopolitical landscape—with a departure from Fukuyama’s post-1990 thesis of “the end of history” and the supremacy of the socio-liberal order as the best way to organize society and global governance—then Russia’s brutal invasion of Ukraine dispelled those doubts. A large number of countries have dialed back “freedom of the press”, the independence of the judiciary and democratic institutions—and even in countries that are still committed to a liberal

order, open discussions are underway as to whether it is sustainable. There were, of course, plenty of signs of what might lie ahead—with the election of Donald Trump as US President, and with Brexit and the rising tensions between China and the “Western World”. However, the war between Russia and Ukraine has confirmed that the time when “Western powers” influenced and, some might say, dominated world affairs through organizations such as the United Nations, the World Bank and the International Monetary Fund is now over. Countries with a long tradition of neutrality, such as Finland and Sweden, have applied to join the NATO alliance—and even Switzerland felt the need to align itself with the “Western sanctions regime”.

Welcome to a multi-polar world, where power is not held predominantly by one country or alliance but is shared among multiple, possibly shifting alliances.

The role of Switzerland within the new geopolitical landscape

The multi-polar world order is erasing old certainties and previously non-aligned or neutral countries are reassessing their position, as evidenced by the actions of Sweden, Finland and Switzerland. In the case of Switzerland, the geographical reality of being surrounded by the European

Union (EU), and the political reality of espousing the rule of law and human rights as fundamental values, meant that the country chose to apply the “Western sanctions regime”—and in my view rightly so. In this context, it is interesting to note that the Swiss position is more closely aligned with that of the US than with the EU. In particular, the importance of individual property rights, which from the US and Swiss perspective can only be challenged if the funds can be proven to be derived from criminal sources, will remain a prominent issue.

The question of whether any sanctions should be applied or whether and when it would be legitimate to supply Swiss-made armaments to warring parties has ignited a debate in this country about the most appropriate form of neutrality. In any event, we should see this debate as an opportunity for Switzerland to demonstrate its willingness to engage in dialogue with the wider global community about these difficult topics and, at the same time, to highlight Switzerland’s manifest advantages, such as the primacy of the “rule of law” and of political and institutional stability supported by direct democracy.

The end of the disinflation cycle—the world is reflatting

The 30-year disinflation cycle triggered by the policies of Paul Volcker, Chair of the US Federal Reserve, probably ended in approximately 2012, when it became clear that quantitative easing was not just a short-term policy adjustment in response to the global financial crisis and was, instead, here to stay. The globalization of supply chains, freer global capital markets and the comparatively freer movement of people, coupled with several supply and demand shocks, all contributed to keeping inflation lower for longer. It is likely that a reversal of the aforementioned secular trends—triggered or amplified by the changed geopolitical context, the war in Ukraine and the energy supply shock—ushered in a more inflationary era. Whether long-term inflation settles at 3, 4 or 5 percent, or even higher, will depend as much on the central banks’ reaction function as the speed of economic agents’ adaptive expectations. One thing is for certain: The era of inflation rates below 2 percent is over for the foreseeable future.

What is the value of active management and advice?

Ladies and gentlemen, following the events of 2022, I am more convinced than ever that active management and advice enable the generation of superior financial returns across a cycle. The 30-year period of disinflation, often referred to as “The Great Moderation”, coupled with financial innovation, made it difficult for active managers to create value. The return to a more normalized rates environment opens the way for the conviction-based investment approaches that characterize Vontobel’s offering. The significant market volatility of recent years reinforces the need for (active) advice: We believe it is our role to advise our clients to act anti-cyclically, allowing for sustained long-term value creation. This requires a significant level of trust between Vontobel and our clients.

Current situation in the financial sector

Dear Shareholders

Before talking to you specifically about Vontobel, the last financial year and the future, please allow me to briefly touch on the current situation in the financial sector. Even if the decision on the UBS and Credit Suisse merger was reached just over two weeks ago—and even if the situation has calmed somewhat in the US—developments within the industry remain a concern, as we also know from many discussions with clients. The sense of uncertainty is palpable.

I would therefore like to make one thing clear: We believe that the US and Swiss authorities have done what is essential to stabilize the financial systems in response to the individual issues that have arisen in the US and Switzerland. And like before, we don’t expect to see a repeat of the global financial crisis of 2008.

In any case, Vontobel remains well positioned in this environment. We have a focused business model coupled with a conservative risk profile—especially since the investment firm does not grant corporate loans. We master what we do and we only do what we master. That has not changed and will not change.

In contrast to Silicon Valley Bank, all bond positions at Vontobel are recognized at fair value. The value of our bond portfolios is therefore fully reflected in our P&L and equity balances.

Further, the maturities of assets and liabilities are hedged with matching maturities.

We continue to have a very strong capital position with a Common Equity Tier 1 ratio that is more than double the regulatory minimum requirement of 8.0 percent defined by FINMA.

And our liquidity coverage ratio is more than 60 percent higher than the regulatory minimum ratio for the industry, and has improved further in the current year.

Moody’s has assigned Vontobel a strong Long-Term Deposit Rating of Aa3 with a stable outlook.

On that note, please allow me to now turn my attention to the performance of our business in 2022 and to the future:

Financial results 2022 and dividend

As a consequence of the extraordinary market turmoil, Vontobel’s 2022 results fell short of the record profit achieved in 2021. Group net profit decreased from CHF 383.8 million to CHF 229.8 million. Assets under management declined from CHF 243.7 billion to CHF 204.4 billion and net flows were negative at CHF 5.2 billion. The performance of the divisions was, however, mixed with some positive and some negative developments.

Asset Management experienced outflows in line with the broader industry trend, while Digital Investing saw volumes decline due to the reduced risk appetite of many clients. Wealth Management, however, attracted near-record inflows, corresponding to 5.6 percent of assets under management, driven by a strong service offering and a “flight to safety”, i.e. towards Switzerland as a location and Vontobel as a strong company with a stable ownership structure. The firm also continued to invest in its capabilities. I will tell you more about this later. The proposal to leave the dividend unchanged at CHF 3.00 per share should therefore be seen as a strong sign of confidence in the future performance of the business. I will also return to this point later.

Strategy for 2023 and beyond

That brings me to the implications of these events for our strategy in 2023 and beyond. In 2020, Vontobel launched its “Lighthouse 2030 strategy”, which is reviewed biannually. The first such review was conducted in 2022 and confirmed the most important elements of our strategy: By 2030, Vontobel wants to be recognized as one of the leading and most trusted global investment firms. Our ambition is that, by 2030, we will be known as a client-centric, technology-enabled and investment-led firm. The events of 2022 have, however, prompted us to adjust our medium-term focus: This includes an increased emphasis on the US market following the completion of the acquisition of SFA, UBS’ former private clients business for US offshore clients; ensuring we deliver best-in-class private client experiences and future-proof investment solutions; and scaling our platform for value creation.

Evolving client demand and regulation have led to fundamental changes in the market structure over the past decade: Neo-banks have turned client expectations upside down and disrupted pricing in retail banking; asset managers have replaced traditional banks in the area of long-term debt and equity infrastructure projects; exchange-traded funds (ETFs) have attracted the majority of flows from private clients in the index and equity spaces, with the pricing of active strategies coming under significant pressure as a result. Nowadays, no one is prepared to pay for market access; investors will only pay for sustained alpha, whether that takes the form of security selection, tactical asset allocation or advice.

And private markets have played an ever-greater role in the financing of companies, from pre-seed all the way to the privatization of large publicly traded corporations such as Twitter. At the same time, increasing numbers of clients, both private and institutional, have demanded access to this space. Vontobel has therefore decided to expand its offering in this area.

cosmofunding, which was launched in the fourth quarter of 2018, fits this broad theme of private markets and of financial innovation and the disintermediation of traditional players. As an online platform, cosmofunding brings together investors and seekers of capital in an efficient, standardized and fully digitized manner. As

such, it forms a core part of our business: We enable our clients to access investment opportunities in a very cost-effective manner. cosmofunding has significant potential for development—both for borrowers and investors. It is therefore not surprising that the platform has achieved considerable growth with a cumulative issuance volume of CHF 23 billion since it was launched. 2022 was a record year with volume growth of 40 percent or CHF 10 billion.

Brand and role of the family

That brings us to the importance of the Vontobel brand and the role of the family as an owner. Handing over your savings for someone to take care of is testimony to a high level of trust. In view of crypto market challenges, geopolitical and macro uncertainties and the fact that even large financial institutions are struggling with the environment, the value of a firm’s brand and the socio-economic context it operates in are now more important than ever. As a family-owned company that has a nearly 100-year history and that is headquartered in Switzerland, Vontobel meets all the relevant criteria to inspire trust. Vontobel Holding AG is 15 percent owned by the Vontobel Foundation, which supports a wide range of charitable causes, mostly in Switzerland. We are proud of our almost 100-year heritage. Supported by our values of ownership, foresight and tenacity, Vontobel has managed to adapt to ever-changing market conditions by aligning our offering to remain attractive to our clients. This is one of the reasons behind our continued success in attracting assets in the private clients business.

Vontobel’s six sustainability commitments

I would now like to address one particular subject that is very important to me. After an in-depth analysis and assessment of our stakeholders, we recently published six sustainability commitments.

They all speak for themselves (and we shall be implementing and reporting on our progress towards them in the coming years). I would, however, like to touch on the topic of equity, diversity and inclusion. We are convinced that a more diverse workforce in terms of gender, cultural and educational background and age profiles, to name but a few diversity markers, makes for a more productive, pleasant and sustainable working environment. We will therefore actively strive to promote greater equity, diversity and inclusion at Vontobel.

Conclusion

That brings me to the end of my speech. As the image (surfer riding a wave) shows, our operating environment will continue to present some major challenges for the foreseeable future. I am convinced that Vontobel will master these challenges—and do so impressively—for the benefit of our stakeholders. I am certain that I am not alone in feeling that 2022 passed by remarkably quickly. And I am astonished to realize that while this is my first Annual General Meeting as Chairman, it is already my third since joining Vontobel. I would like to take this opportunity to thank all our shareholders for their continued trust in our company.

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