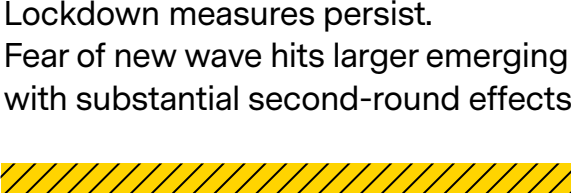


# Take-Off with Vontobel

## How We See 2021 Developing



**Grounded**  
 Lockdown measures persist. Fear of new wave hits larger emerging markets with substantial second-round effects.

**Our Baseline Scenario**



**Boarding**  
 Emerging Markets as growth engine. Weak recovery in Q1 followed by a stronger rebound in Q2/3 leading to Q4 decrease in Covid-19 uncertainty.



**Take-Off**  
 Positive entry point into the summer. Negative sentiment and restrictions stop. Vaccines become a global success, leading to a strong rebound in late Q1 and Q2.

## Routes to Success

Getting there under our baseline scenario

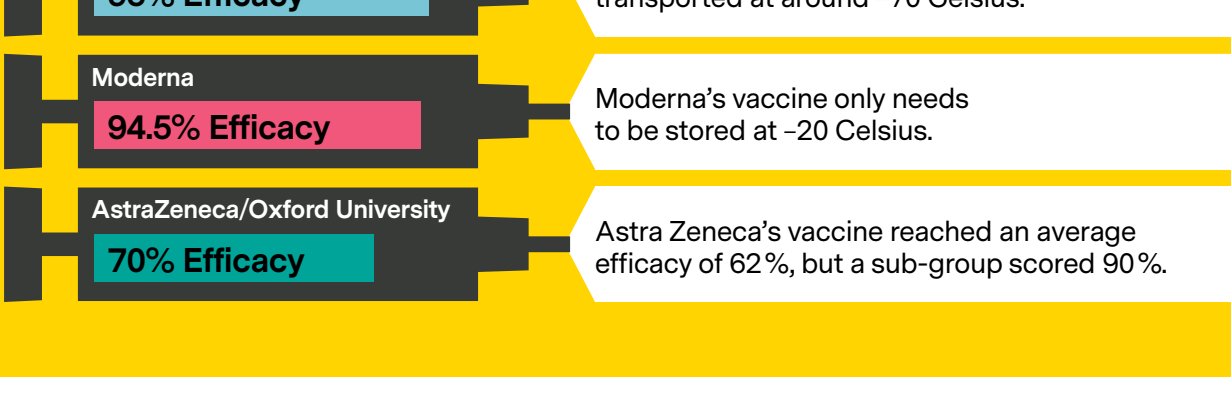
Source: Vontobel. The above projections and probabilities are based on the Vontobel team's analysis of the economic and market environments, our models and opinions. There is no guarantee the above scenarios and projections will occur or be achieved.

### GATE 1

#### THE WORLD GETS VACCINATED

A successful Covid-19 vaccine roll-out should reduce uncertainty around the globe and kick-start the 'new normal'.

There are three promising candidates so far



Source: Vontobel

### GATE 2

#### EMERGING MARKETS AS GROWTH ENGINE

We expect emerging markets to drive the economic recovery, predominantly powered by Asian countries such as China.

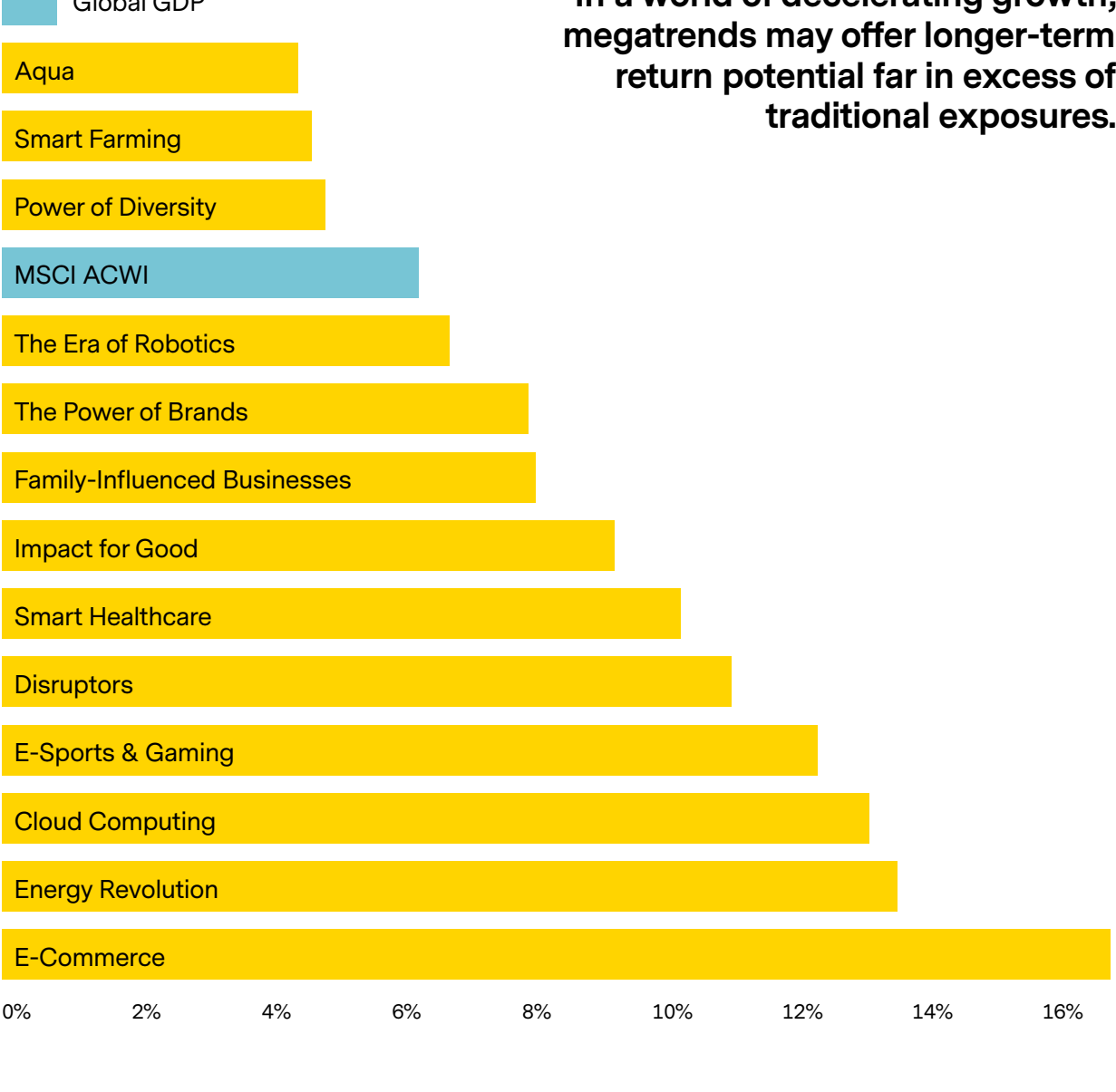
We Believe Emerging Markets Ticks All the Boxes

- Catalyst: Trump is history!
- Cyclical Reasons
  - ✓ Asia handled the Covid-19 crisis much better.
  - ✓ Chinese stimulus helps EM equities the most.
  - ✓ EM economies are in good shape.
  - ✓ EM countries became much more resilient.
  - ✓ US dollar may depreciate from here.
- Equity-Specific Reasons
  - ✓ EM stocks are cheap.
  - ✓ Structural growth stories are waiting for you!
  - ✓ Analysts upgrade EM equity earnings forecasts.
- ✓ You capture EM's long-term return potential.

### GATE 3

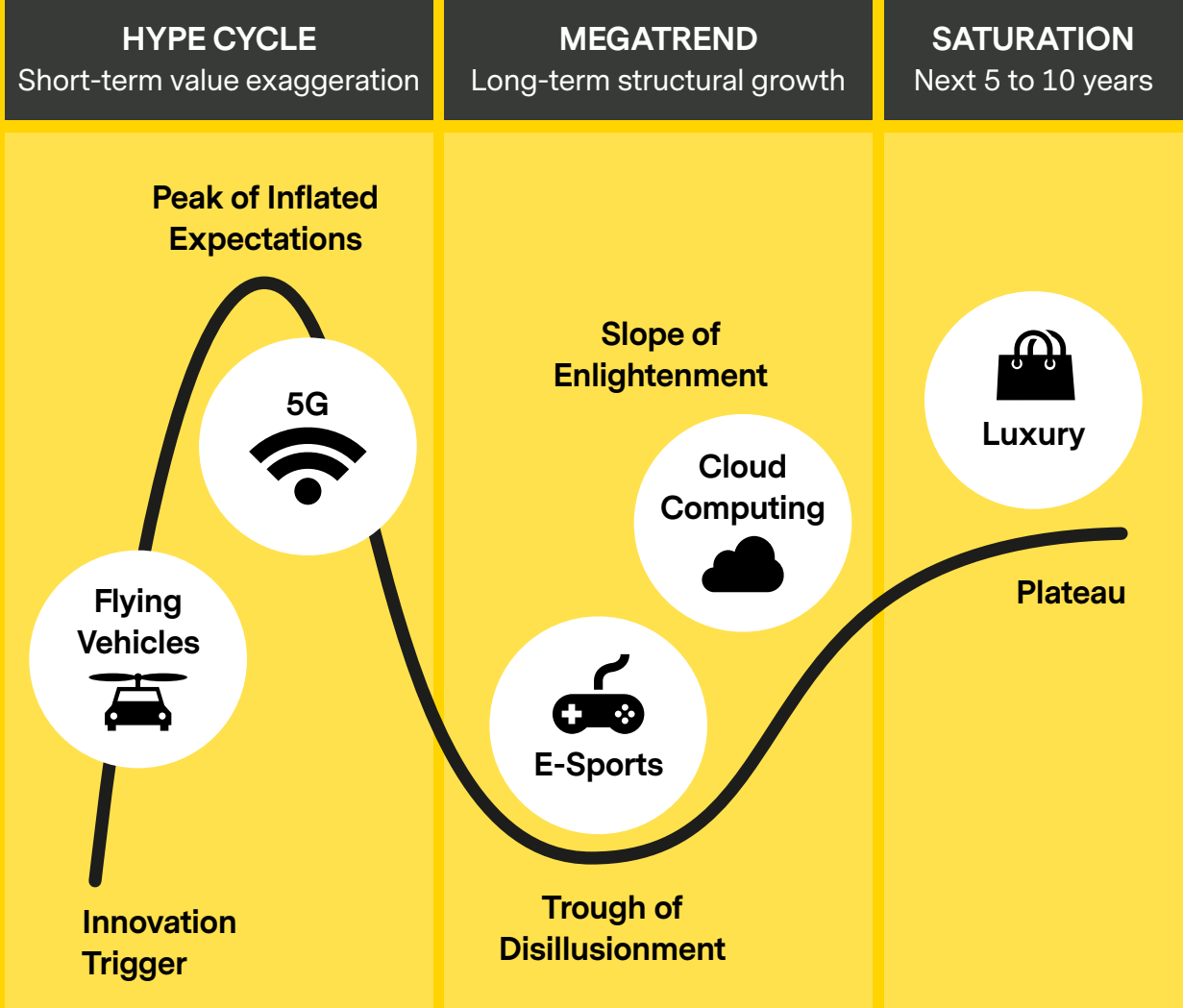
#### THE NEW NORMAL IS THE OLD NORMAL

Many structural forces which were already at play – low growth, low rates and inflation – should continue.



In a world of decelerating growth, megatrends may offer longer-term return potential far in excess of traditional exposures.

We aim to select Megatrends that have passed through their 'hype cycle', and show potential long-term structural growth with a runway of reaching the plateau within the next 5 to 10 years.



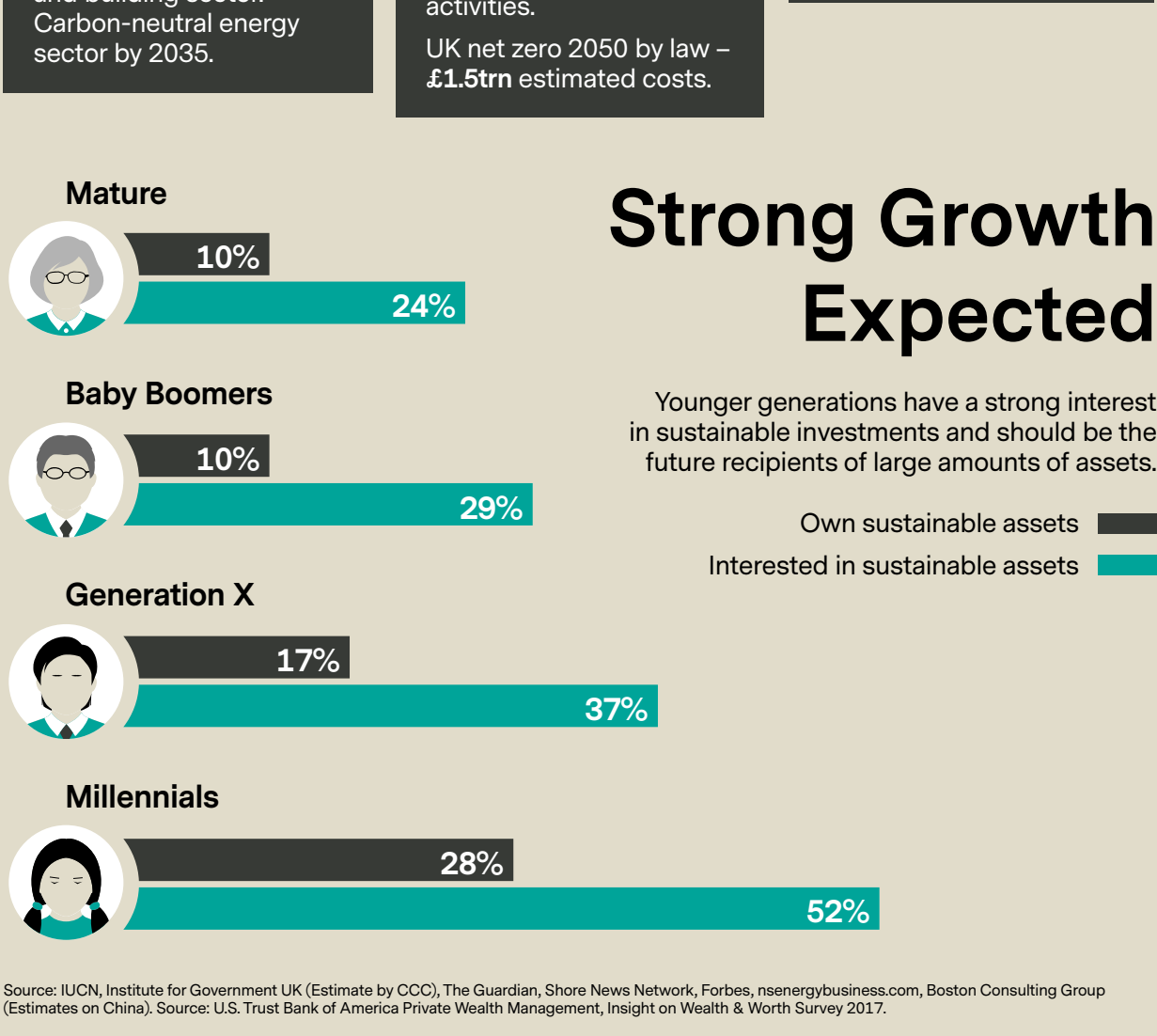
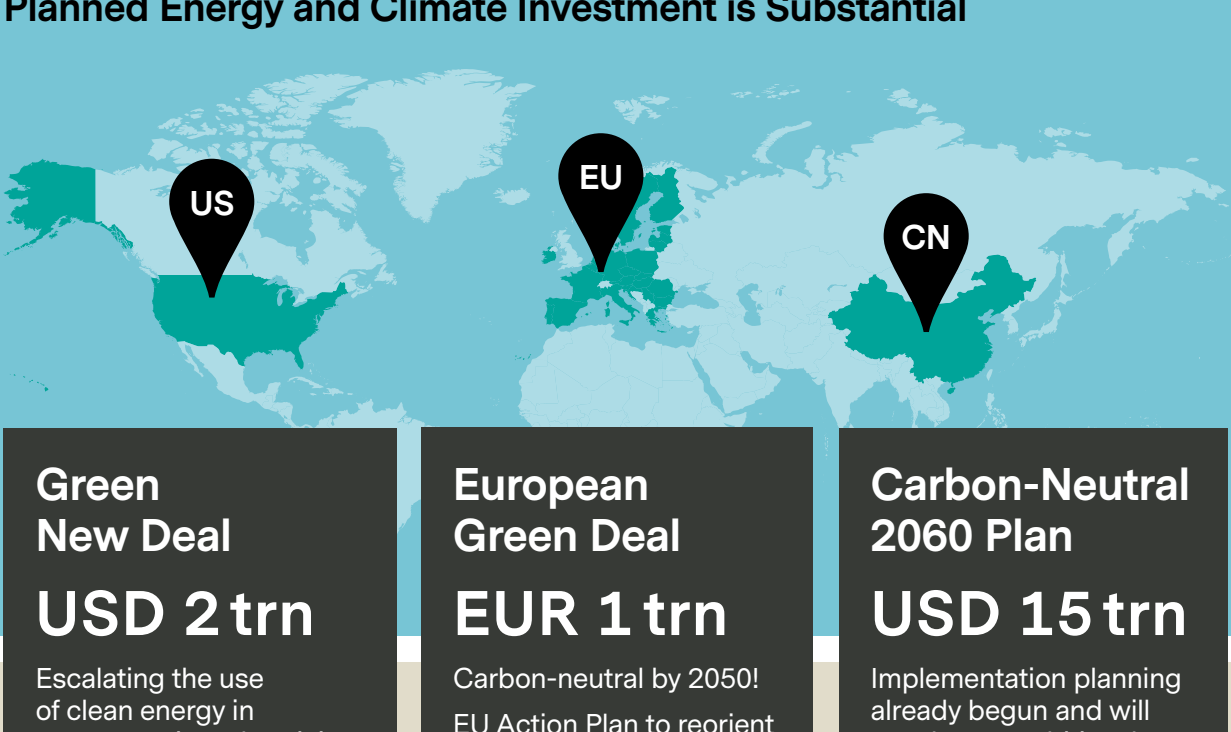
Source: Gartner, Vontobel. Megatrends: theme growth – Expected annual sales growth of companies within selected Megatrends themes vs. global GDP growth (2020-2022a CAGR).

### GATE 4

#### GOVERNMENTS ARE GOING GREEN

Covid-19 presents an opportunity to accelerate the shift towards a green future. We expect governments to not only provide 'regular' fiscal support packages, but also 'green' ones.

Planned Energy and Climate Investment is Substantial



## Strong Growth Expected

Younger generations have a strong interest in sustainable investments and should be the future recipients of large amounts of assets.

Source: IUCN, Institute for Government UK (Estimate by CCC), The Guardian, Shore News Network, Forbes, nasenergybusiness.com, Boston Consulting Group (Estimates on China). Source: U.S. Trust Bank of America Private Wealth Management, Insight on Wealth & Worth Survey 2017.

# Get There With Vontobel

