Take-Off with Vontobel

How We See 2021 Developing



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

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.

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 Pfizer/BioNTech Pfizer's vaccine is efficient but has to be 95% Efficacy transported at around -70 Celsius.

Moderna 94.5% Efficacy

Moderna's vaccine only needs to be stored at -20 Celsius. AstraZeneca/Oxford University Astra Zeneca's vaccine reached an average 70% Efficacy efficacy of 62%, but a sub-group scored 90%. Source: Vontobel

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

Catalyst: Trump is history!

Cyclical Reasons Equity-Specific Reasons

We Believe Emerging Markets Ticks All the Boxes



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.
- You capture EM's long-term return potential.

Smart Farming

Power of Diversity

The Power of Brands

Flying Vehicles

Innovation

Trigger

Green

New Deal

USD 2trn

10%

Baby Boomers

Millennials

Family-Influenced Businesses

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



EM stocks are cheap.

waiting for you!

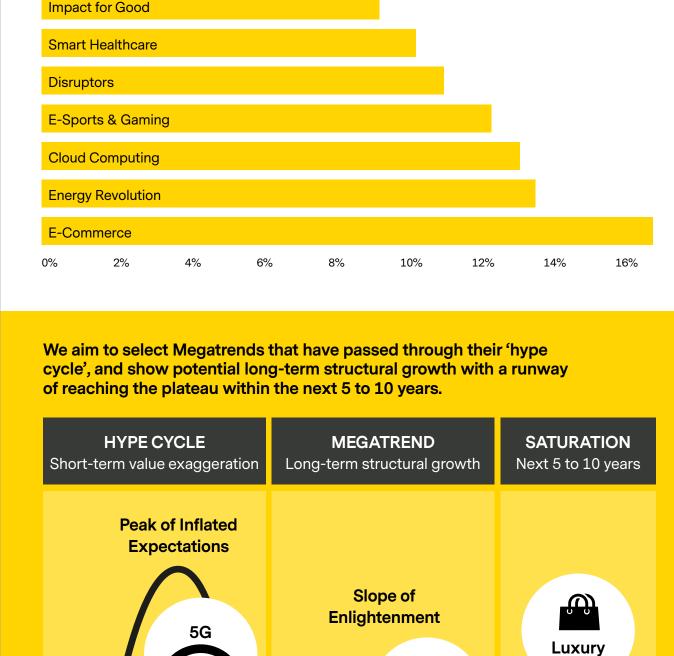
earnings forecasts.

Structural growth stories are

Analysts upgrade EM equity

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

MSCI ACWI The Era of Robotics



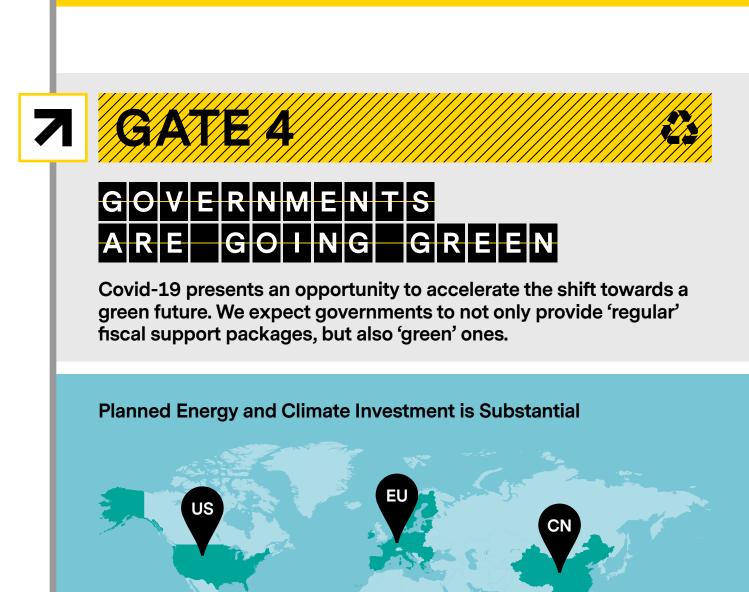
Cloud Computing

Plateau

E-Sports Trough of

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

Disillusionment



European

Green Deal

EUR 1 trn



24%

10% 29% **Generation X** 17%

in sustainable investments and should be the future recipients of large amounts of assets. Own sustainable assets Interested in sustainable assets 37%

Carbon-Neutral

USD 15 trn

Expected

Younger generations have a strong interest

2060 Plan

52% Source: IUCN, Institute for Government UK (Estimate by CCC), The Guardian, Shore News Network, Forbes, nsenergybusiness.com, Boston Consulting Group (Estimates on China). Source: U.S. Trust Bank of America Private Wealth Management, Insight on Wealth & Worth Survey 2017.

28%



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