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Wealth Management

Investment Strategy

January 2020

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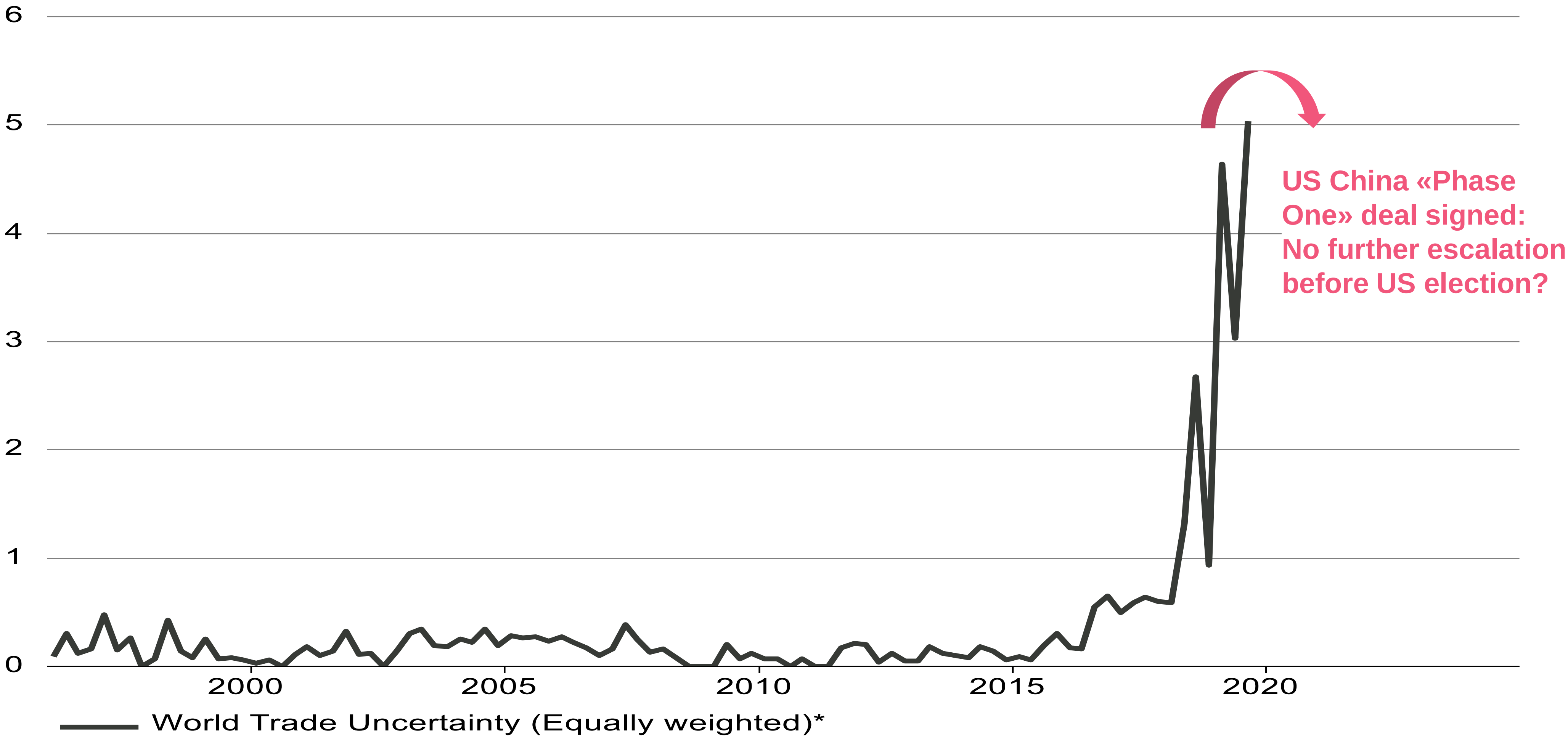
Chart of the Month

«Trade war» risks have peaked (for the moment)



*Hites Ahir, Nicholas Bloom and Davide Furceri
Source: Datastream, Vontobel

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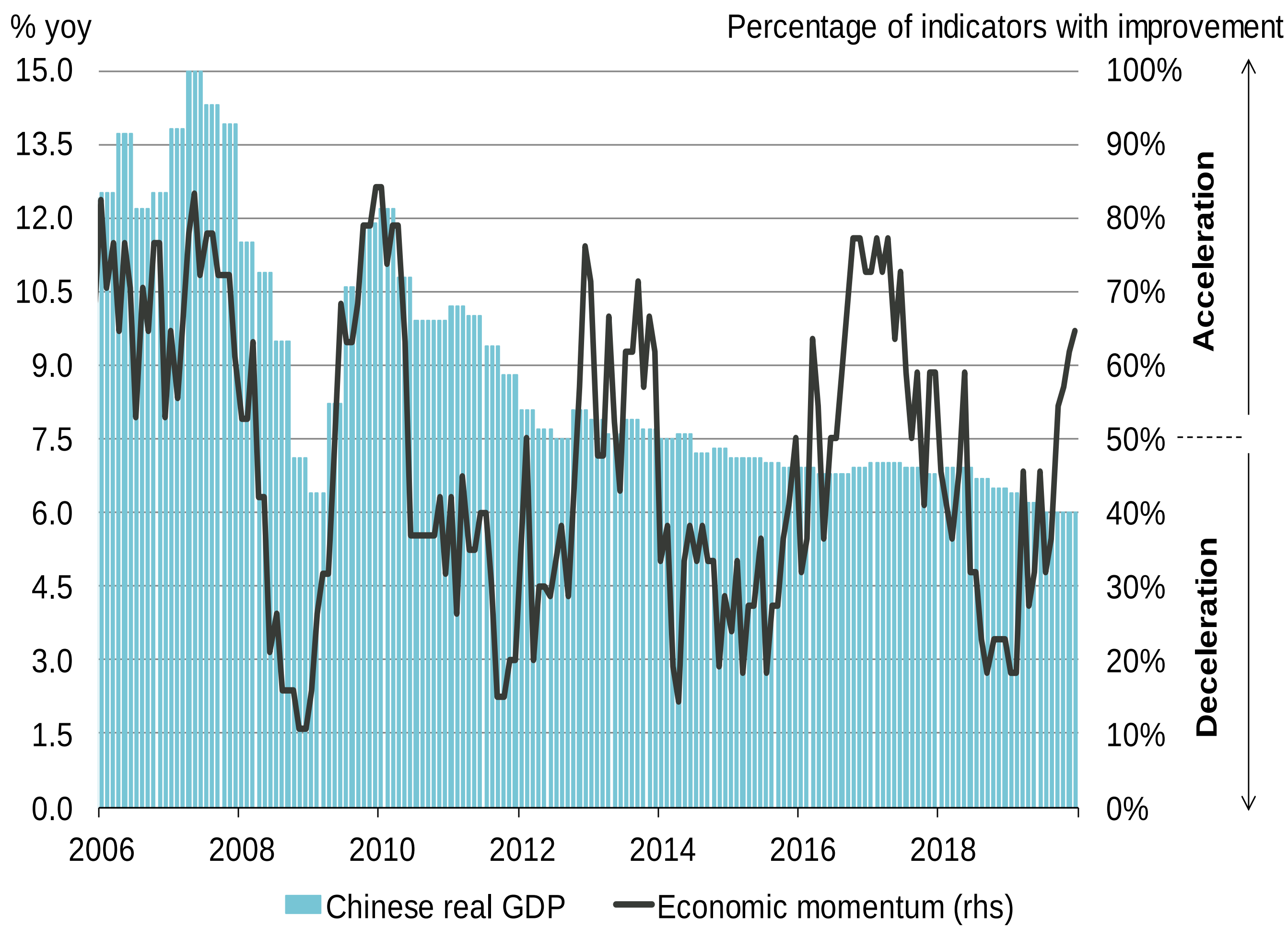
China Growth

Momentum well above 50%



Growth is stabilizing

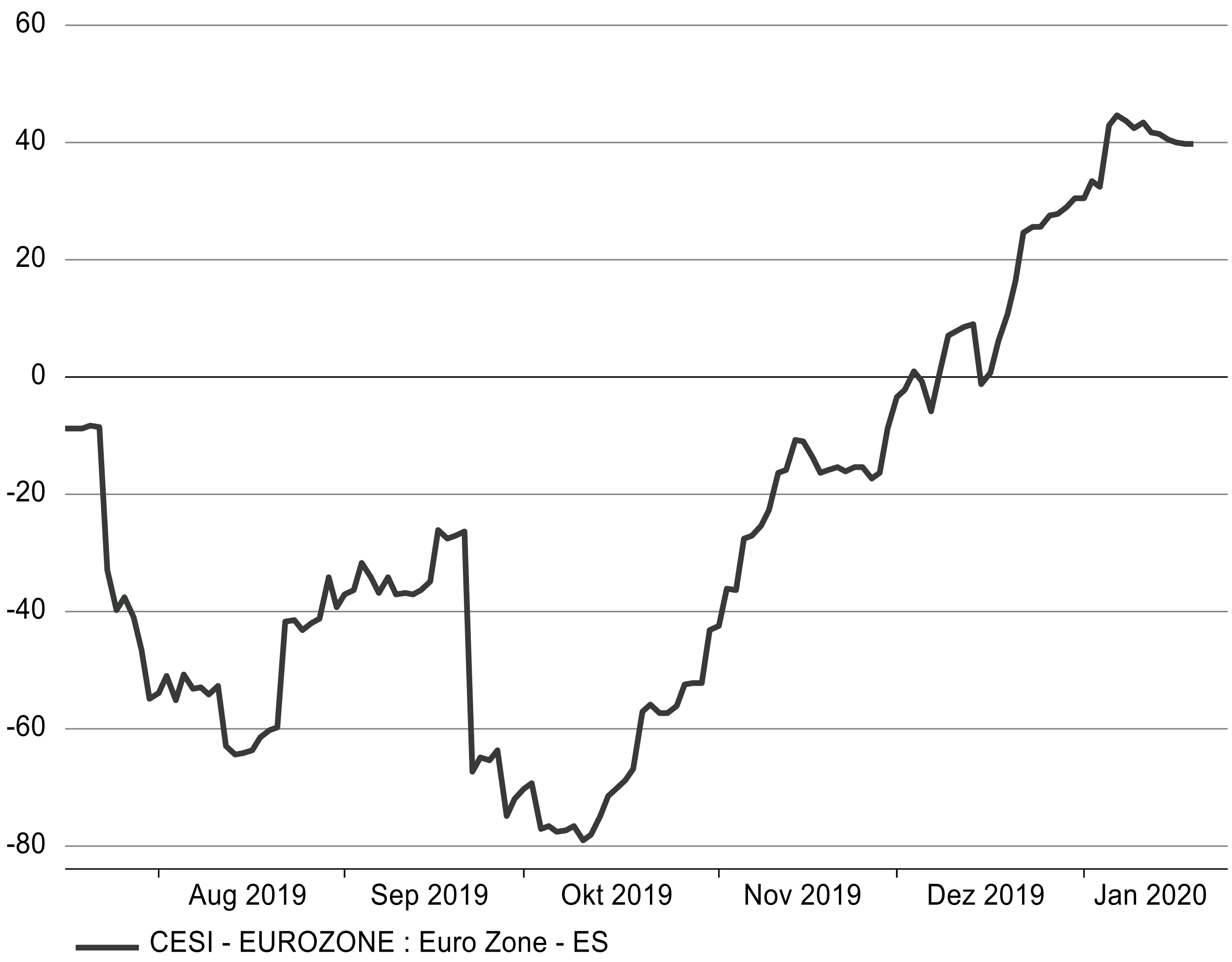
- Economic data recovered over the last few months pushing our economic momentum indicator well above 50%

- Economic momentum signals growth improvement over the next few months

- In combination with the “phase 1” deal we now see slightly higher growth rates over the next two quarters

Source: Refinitiv Datastream, Vontobel

EMU: Economic surprise



Data releases

= GER: GDP 2019 (0.6% yoy, avg.)

− EMU: Industrial production (Nov)

− EMU trade balance (Nov)

+ EMU New car registrations (Dec)

+ EMU Construction output (Nov)

+ ZEW

Other news:

- ECB minutes: no big news, but a bit more reassuring on growth stabilization / ECB surveys: Consensus expects new symmetric inflation target

Outlook new week:

22: French business sentiment

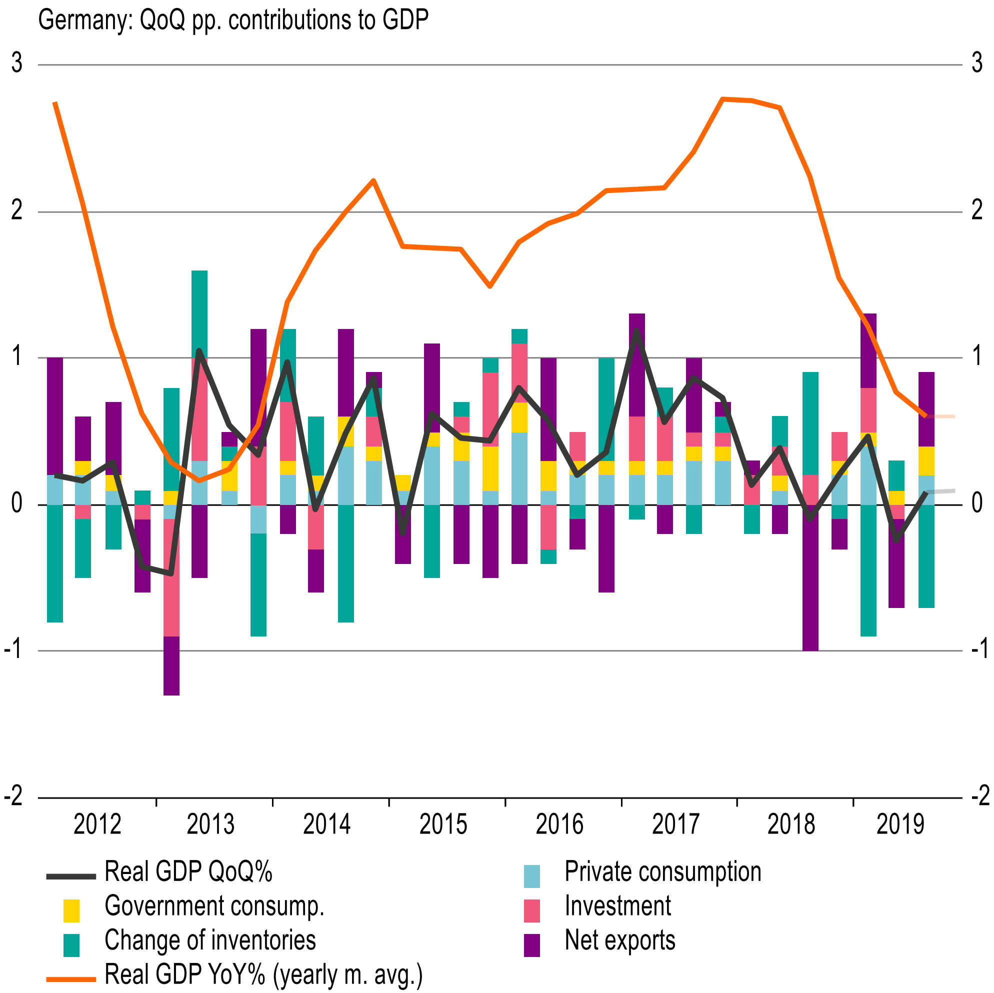
23: ECB policy meeting, EMU consumer confidence

24: Flash Jan. PMIs EMU

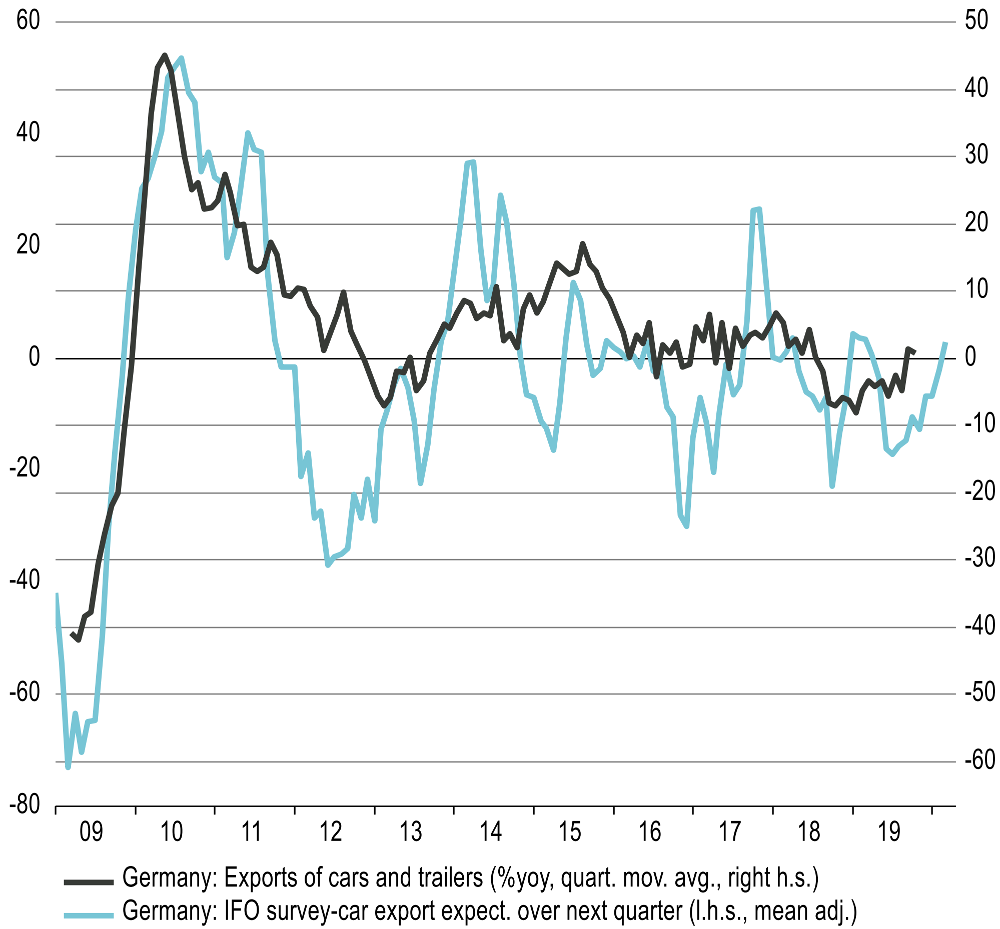
Note: * positive surprises are indicated with a +, releases in line with surprises with a =, negative surprises with a –
Source: Citigroup, Thomson Reuters Datastream, Vontobel

Germany: GDP and cars

GDP 2019 of 0.6% (YoY) implies QoQ of 0.1 in Q4



Mood in the car sector has improved



Source: Destatis, IFO, Thomson Reuters Datastream, Vontobel

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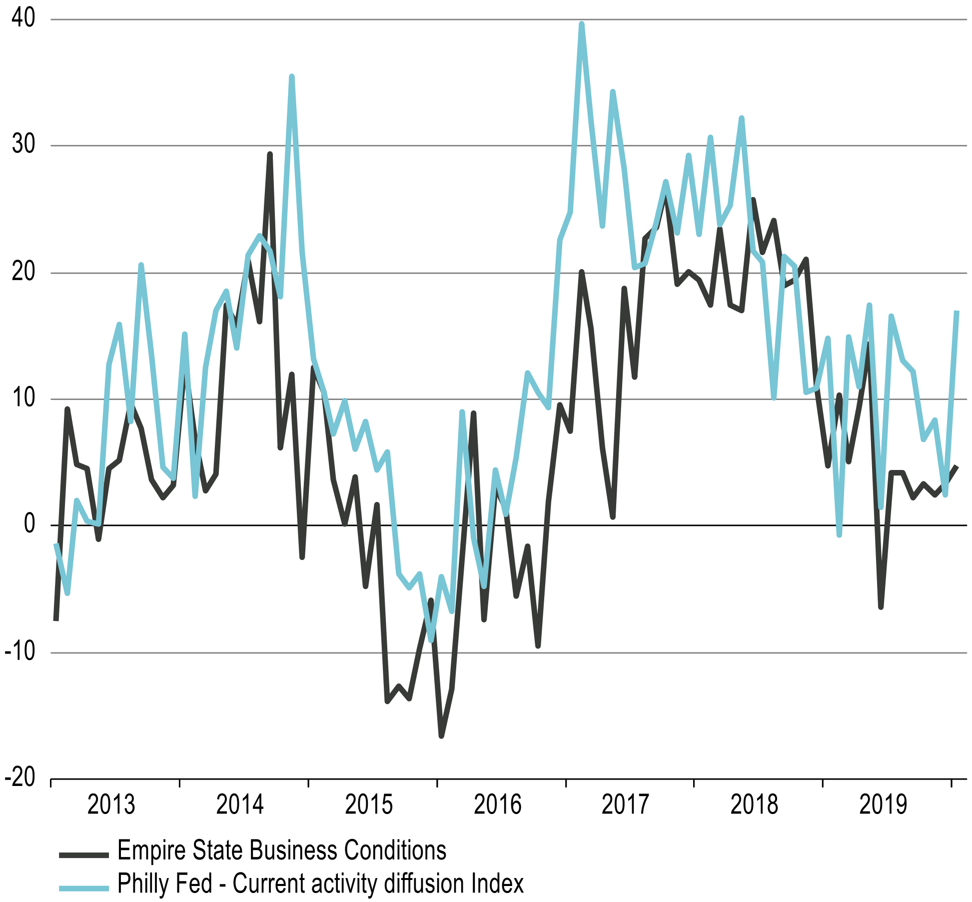
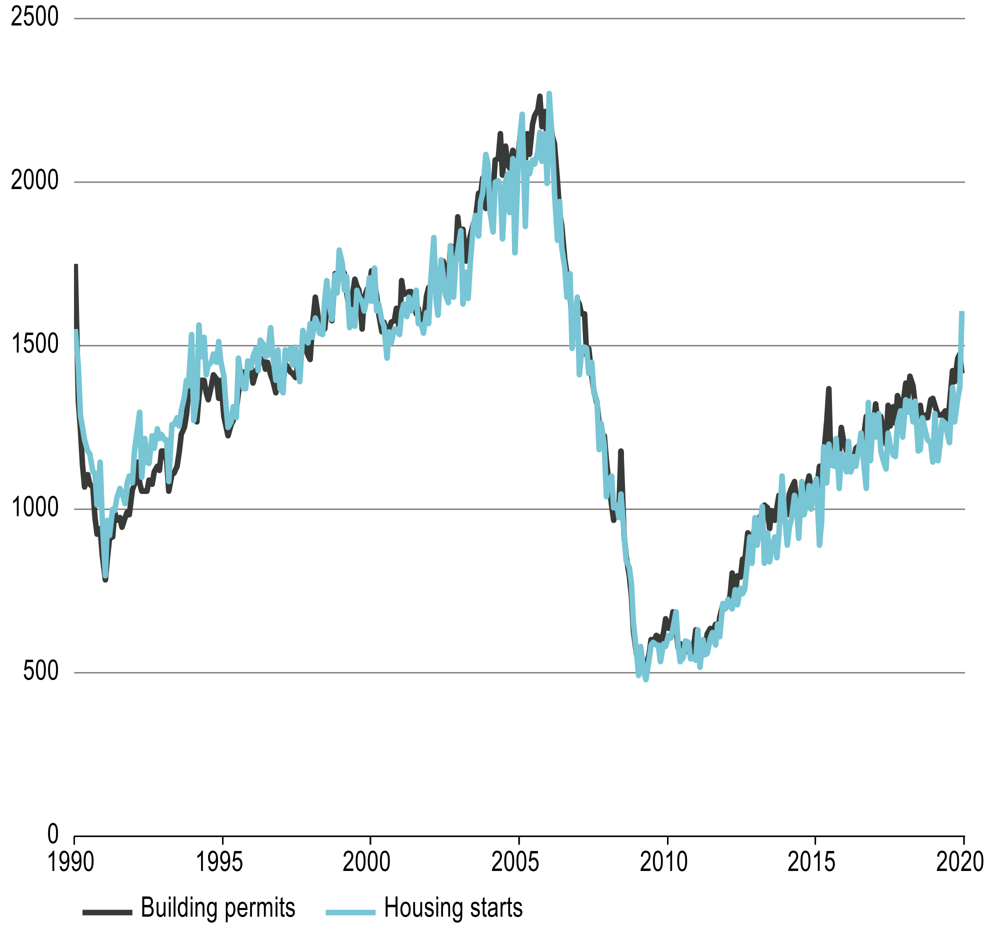
US: Economic outlook

Philly Fed rebounds in Jan., Empire less so: manufacturing stabilization ahead ?



Strong starts in Dec. point at booming housing sector



Source: Datastream, Vontobel Asset Management

Our world view

Global growth is expected to be sluggish in 2020. Economic momentum is currently improving, however. A recession is unlikely.

Central bank policies will therefore remain in place and support the economy and capital markets.

The Chinese economic stimulus measures are beginning to take effect. We expect an increase in fiscal stimulus measures elsewhere, esp. in Europe.

However, geopolitical risks remain (US/Iran conflict, tensions in Middle East, roadmap post Brexit, unrest in Hong Kong, unstable trade truce, US election uncertainty).

Inflation has begun to rise, but efficiency gains from technological innovation will continue to limit it.

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Vontobel's economic scenarios for 2020

Scenario A: 60% **Sluggish growth**	▪ **Global:** Generally no further escalation in trade disputes, "Phase 1 Deal" achieved but tariffs remain ▪ **USA:** Trump calms down in H1 because of elections, yet US growth weaker in H1 but recovers in H2 ▪ **Eurozone:** No political turmoil, moderate fiscal impulse, growth stabilizes in Q1, starts to improve in Q2 ▪ **China**: Manages to stabilize economy despite US-tariffs still in place ▪ **If so, Central banks:** Implement announced measures, shift communication carefully to "neutral" in Q3
Scenario B: 20% **Sharp slowdown**	**One of the following down-side risks would materialize in H1 (examples):** ▪ **USA:** Implements all announced tariffs on Chinese imports or ½ of car imports ▪ **Eurozone:** "No-deal/hard ball" Brexit with political turmoil or ½ of US-car tariffs are implemented ▪ **China**: Political uncertainty surges after China sends military to Hong Kong, trade around HK disrupted ▪ **If so, Central banks:** Would quickly react and lower rates again & increase balance sheets faster (QE)
Scenario C: 20% **Rebound**	**One of the following up-side risks would materialize in H1 (examples):** ▪ **USA:** Significant de-escalation of trade tensions, no negative impact of US-elections ▪ **Eurozone:** Successful EU/US trade negotiation, car tariffs off the table, "orderly Brexit", strong fiscal impulse ▪ **China:** "Phase 1" trade agreement with USA includes removal of tariffs, fiscal impulse higher ▪ **If so, Central banks:** Shift carefully towards "neutral" communication in Q2 (not "hawkisher" before Q3)

Source: Datastream, Vontobel

Key Risks

New Tariffs

Disappointing Central Banks

US Election

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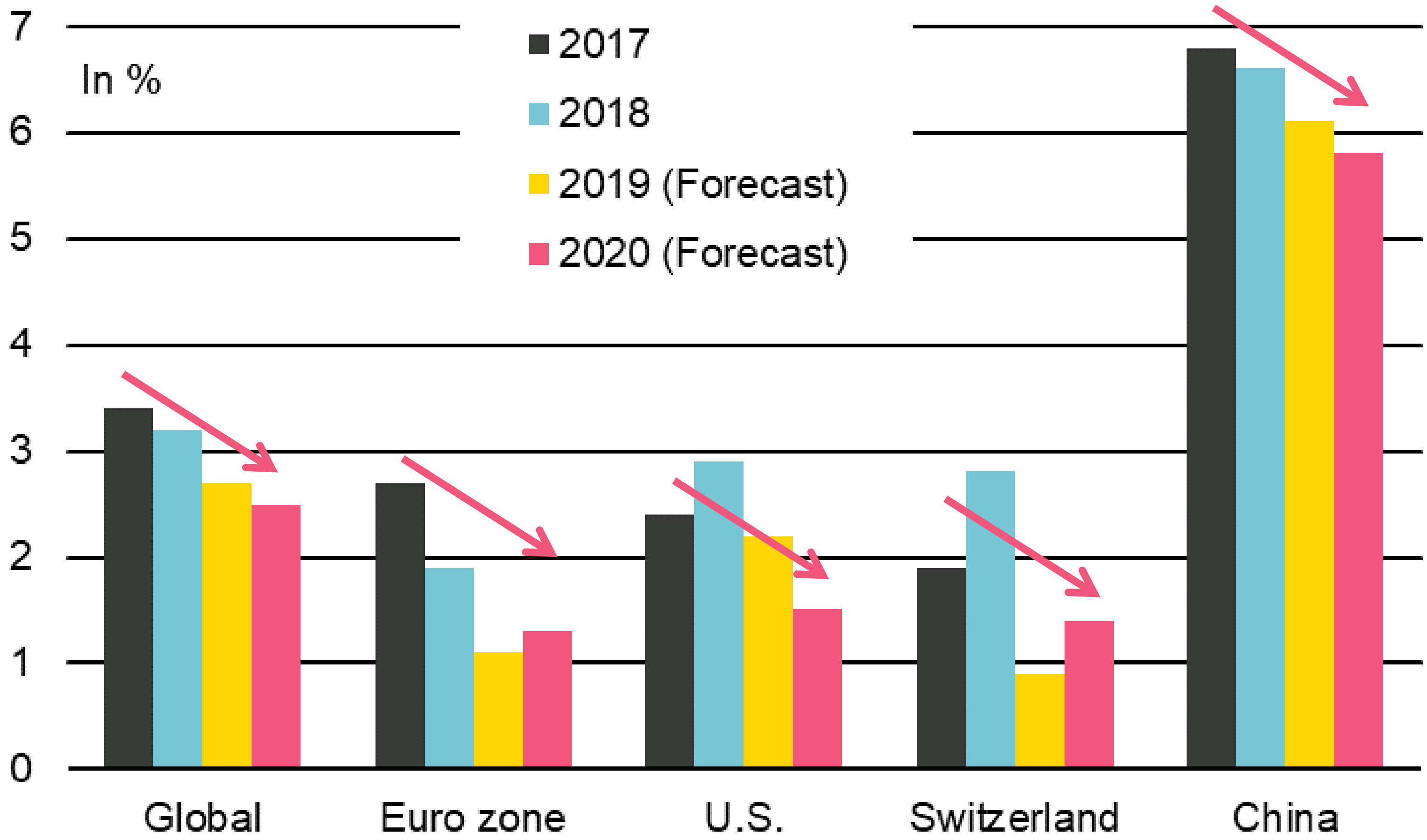
Lower economic growth – but no recession

(1)

Development of GDP growth



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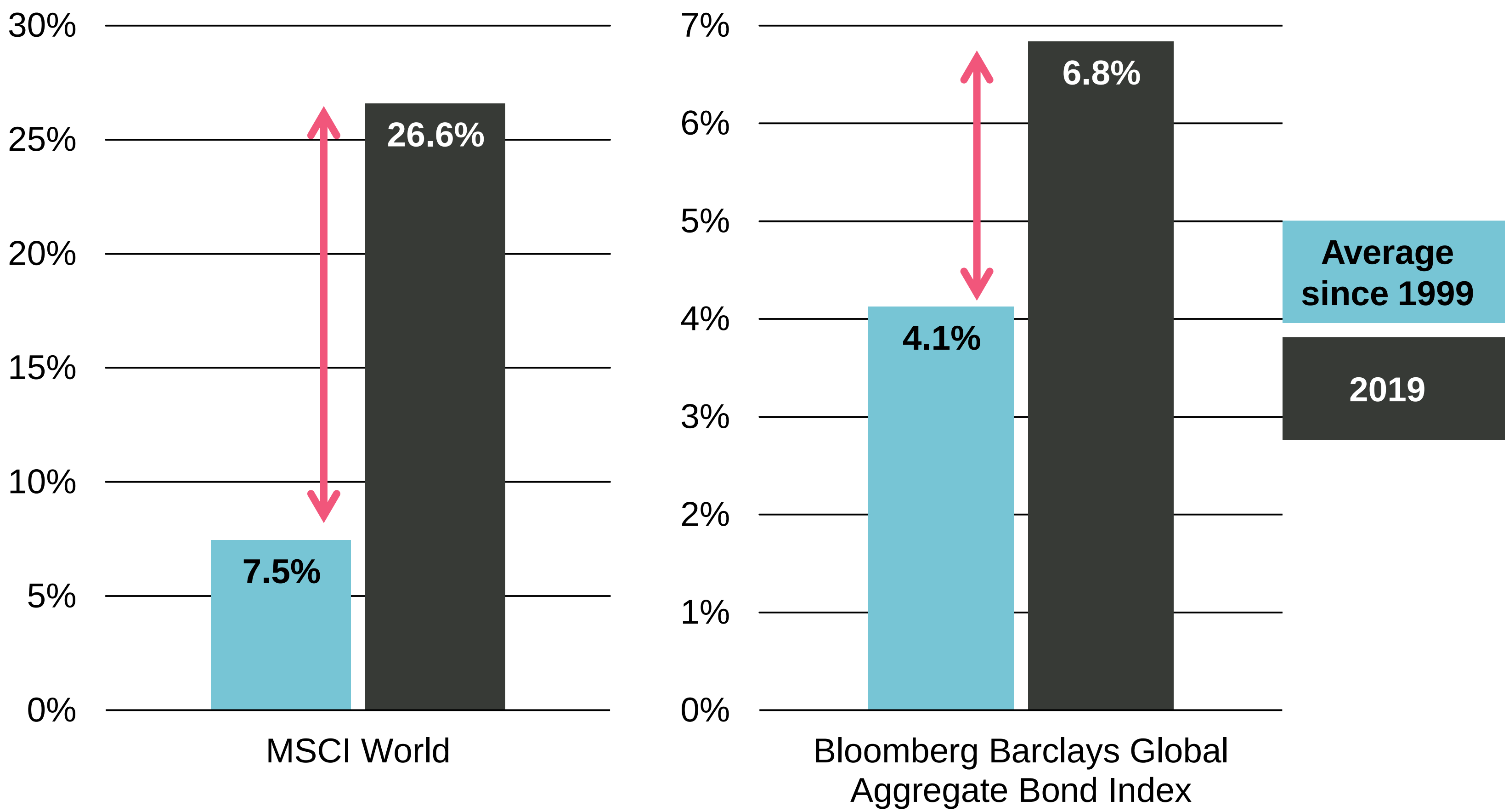
Lower returns on financial markets

(2)

Total return comparison of equities and bonds



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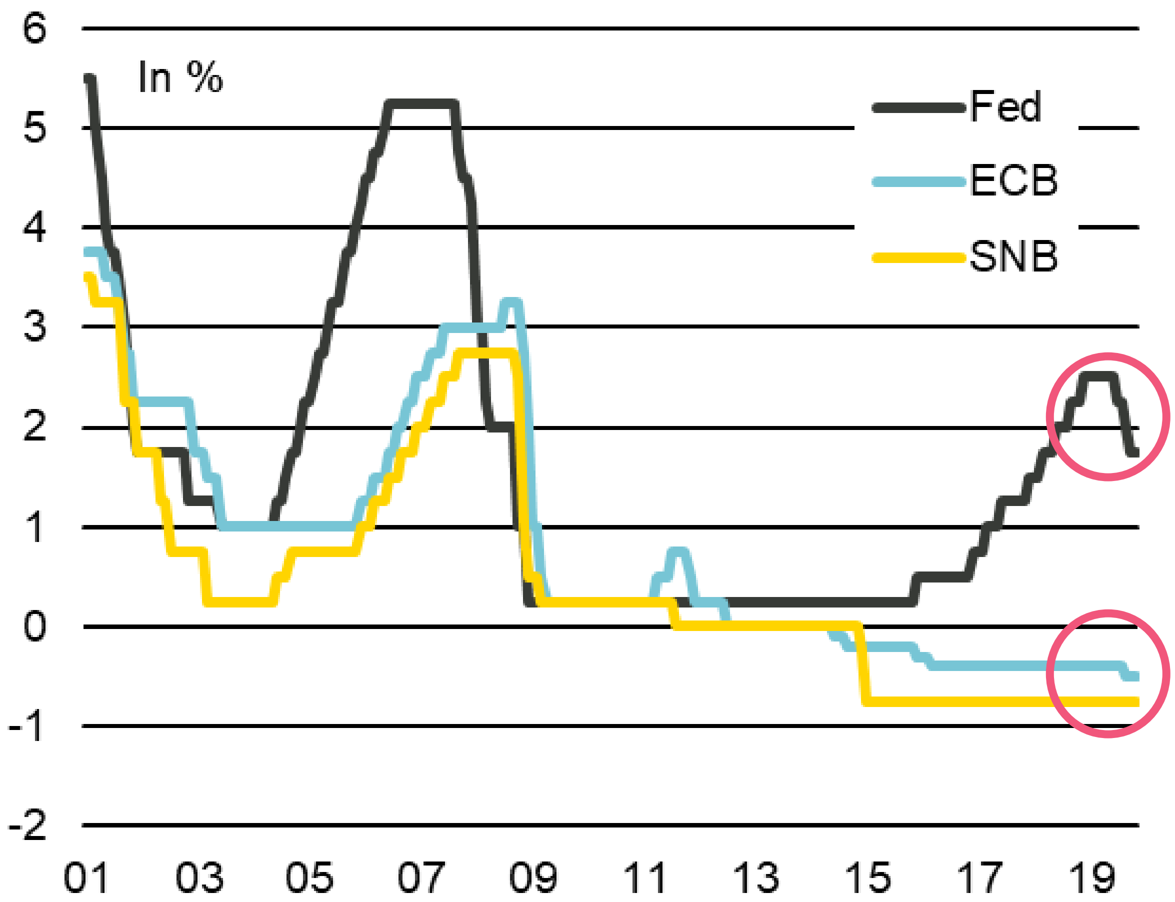
Loose monetary policy to continue, i.e. low interest rates for longer

(3)

Central bank rates



1.75% (current)
1.50% (2020)

-0.50% (current)
-0.50% (2020)

-0.75% (current)
-0.75% (2020)

Increasing pressure for fiscal stimulus

(4)

«It will need massive investment. It will require public and private investment. The European Union will mainstream climate financing throughout its budget.»

Ursula von der Leyen
President European Commission,
on November 20, 2019

«We have to act.»

Angela Merkel
Chancellor of Germany,
on September 20, 2019,
after the presentation of the climate package

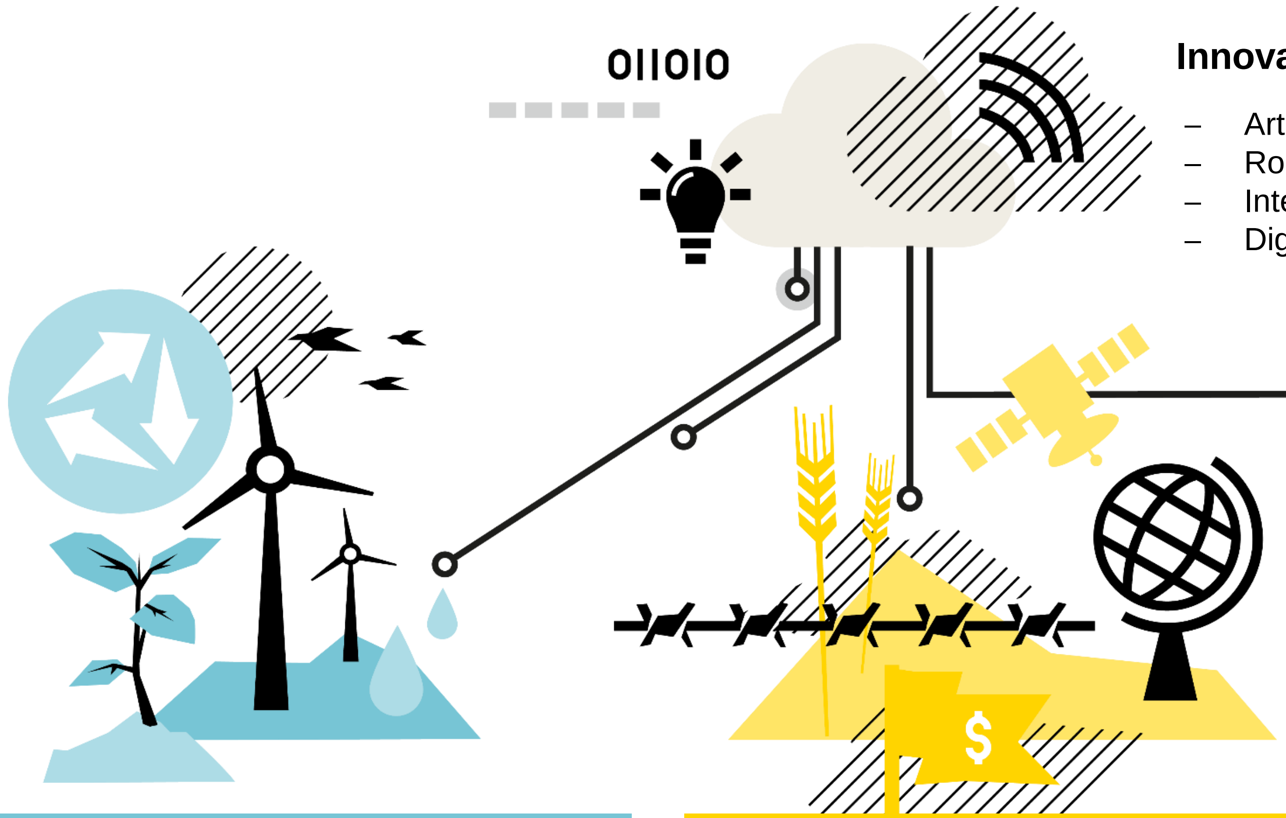
«We managed to compile a strong policy package (…) providing intensive support to overcome downside economic risks and sustaining economic vitality (…)»

Shinzo Abe
Prime Minister Japan,
on December 5, 2019

«It is clear that monetary policy could achieve its goal faster and with fewer side effects if other policies were supporting growth alongside it.»

Christine Lagarde
President of the European Central Bank, on November 22, 2019

Vontobel Megatrends Framework



Innovation

- Artificial Intelligence
- Robotics
- Internet of Things
- Digitalization

Sustainable Value Creation

- Environmental
- Social
- Governance

Multipolar World

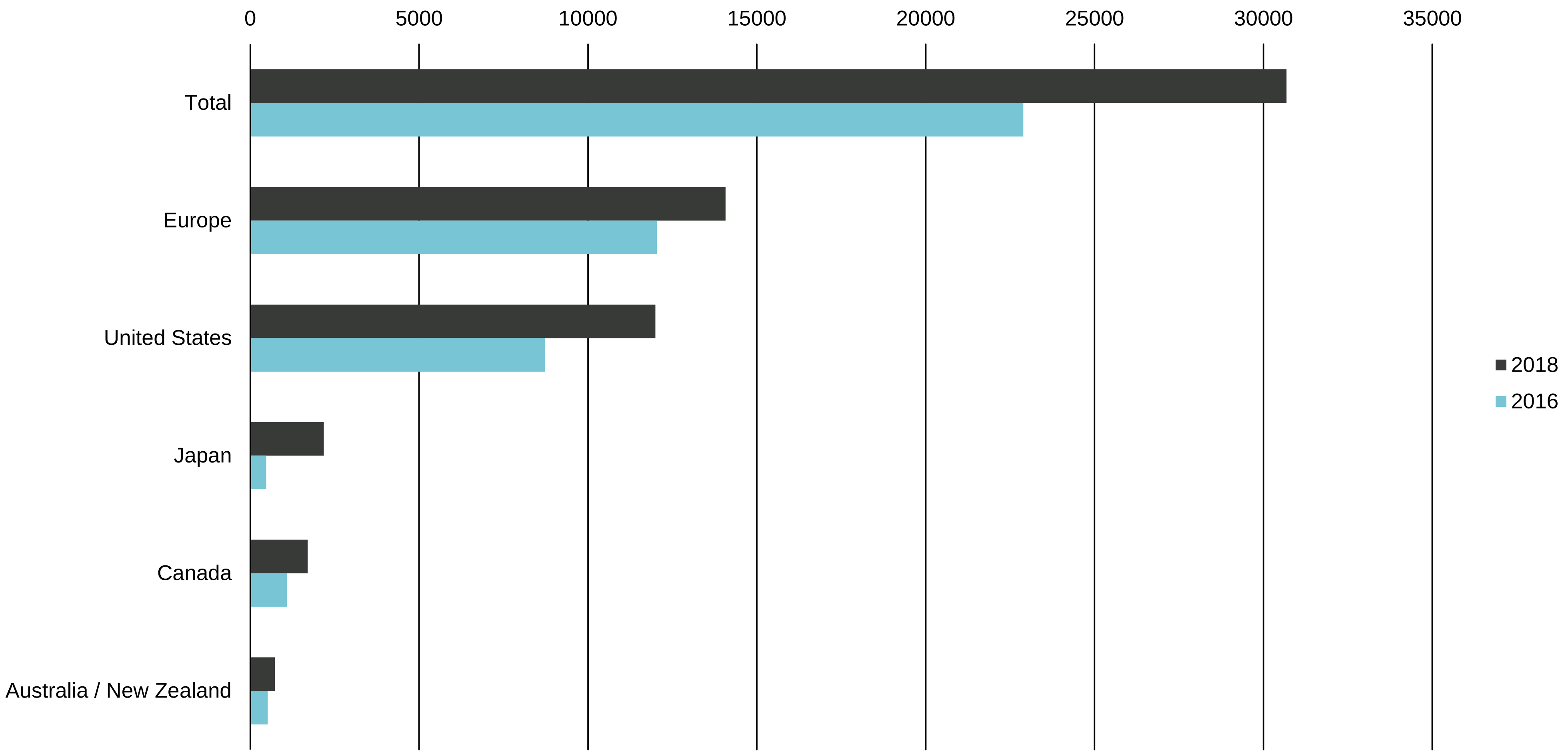
- Rise of emerging & frontier markets
- Growing global prosperity
- Increase in conflicts / Race for global resources

Demographics

- Ageing society
- Healthy living
- Millennials & changes in consumer behavior
- Urbanization

Global sustainable assets (in USD million)

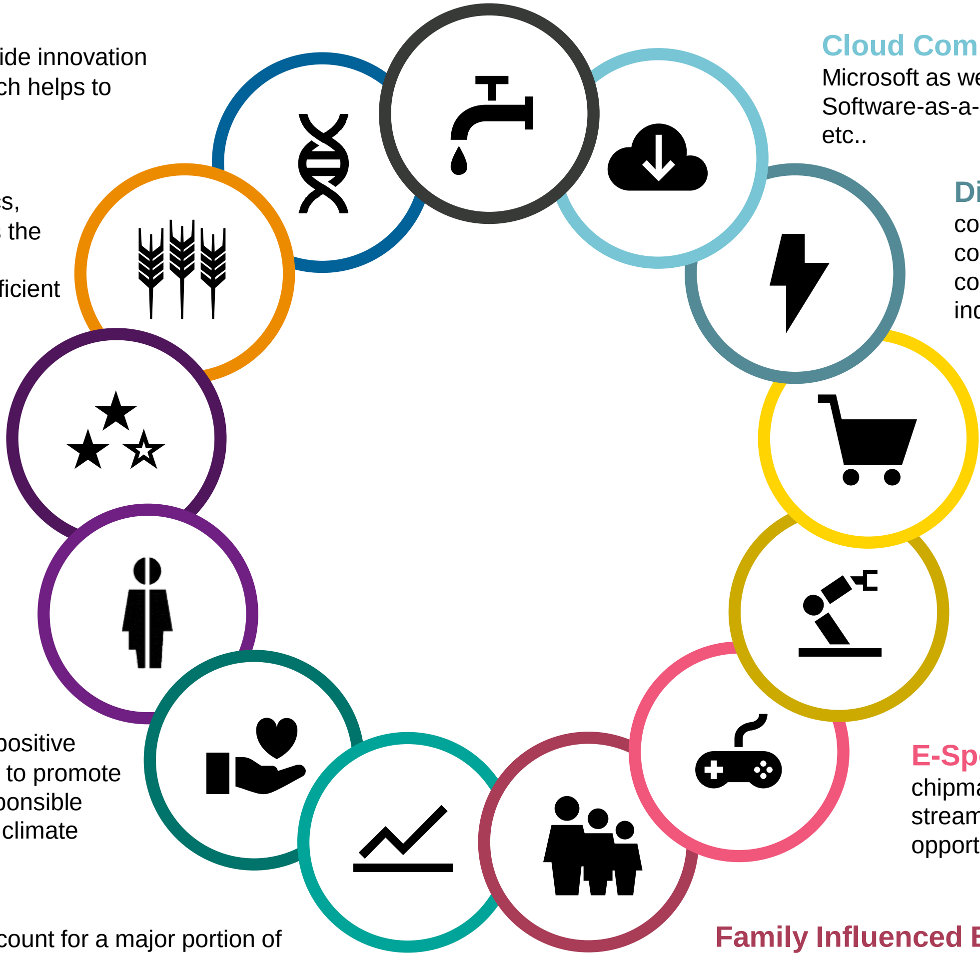
Appx 1/3 of total assets



Source: Global Sustainable Investment Review 2019, GSIA

Investment focus of themes

Aqua: Problem-solving companies related to water scarcity, water contamination and water efficiency.



Smart Healthcare: Companies that provide innovation and technology for the healthcare sector, which helps to gain efficiency and ultimately save costs.

Smart Farming: Precision agriculture, robotics, vertical farming, and biologicals. We see these as the most promising methods to increase agricultural production in a more sustainable and resource-efficient approach.

Power of Global Brands: Companies with strong brand recognition, a loyal customer base and a strategy towards attracting millennials and the Generation Z.

Power of Diversity: Companies that successfully embrace diversity of gender and thought.

Impact for Good: Companies that provide positive environmental & social impact. The main goal is to promote an environmentally sustainable and socially responsible economy to tackle challenges of trends such as climate change, resource scarcity, etc.

Global Value Creators: Dividends account for a major portion of shareholders` total return. Dividend stocks offer downside protection and have higher quality earnings. We pick financially sound companies and prefer those that have a long track record of paying dividends.

Cloud Computing: Cloud titans like Amazon or Microsoft as well as fast growing niche players in areas like Software-as-a-Service, cloud infrastructure, IT Consulting, etc..

Disruptors: Artificial Intelligence, future mobility concepts, the internet-of-things or changing consumer behaviour of millennials. The selected companies have the potential to disrupt whole industries.

E-Commerce: We focus on companies that offer services and technologies across the value chain of E-commerce, from software to logistics.

Era of Robotics: Our investment portfolio is diversified and offers exposure not only to robotics companies, but also to software providers and semiconductor equipment makers.

E-Sports & Gaming: Areas like cloud gaming, chipmakers, game developers & equipment and also video streaming. This fast-growing trend offers many investment opportunities.

Family Influenced Businesses: Companies that benefit from strongly aligned shareholder and management interests, a longer-term strategic vision (less focused on quarter-to-quarter earnings “management“) and lower financial leverage ratios.

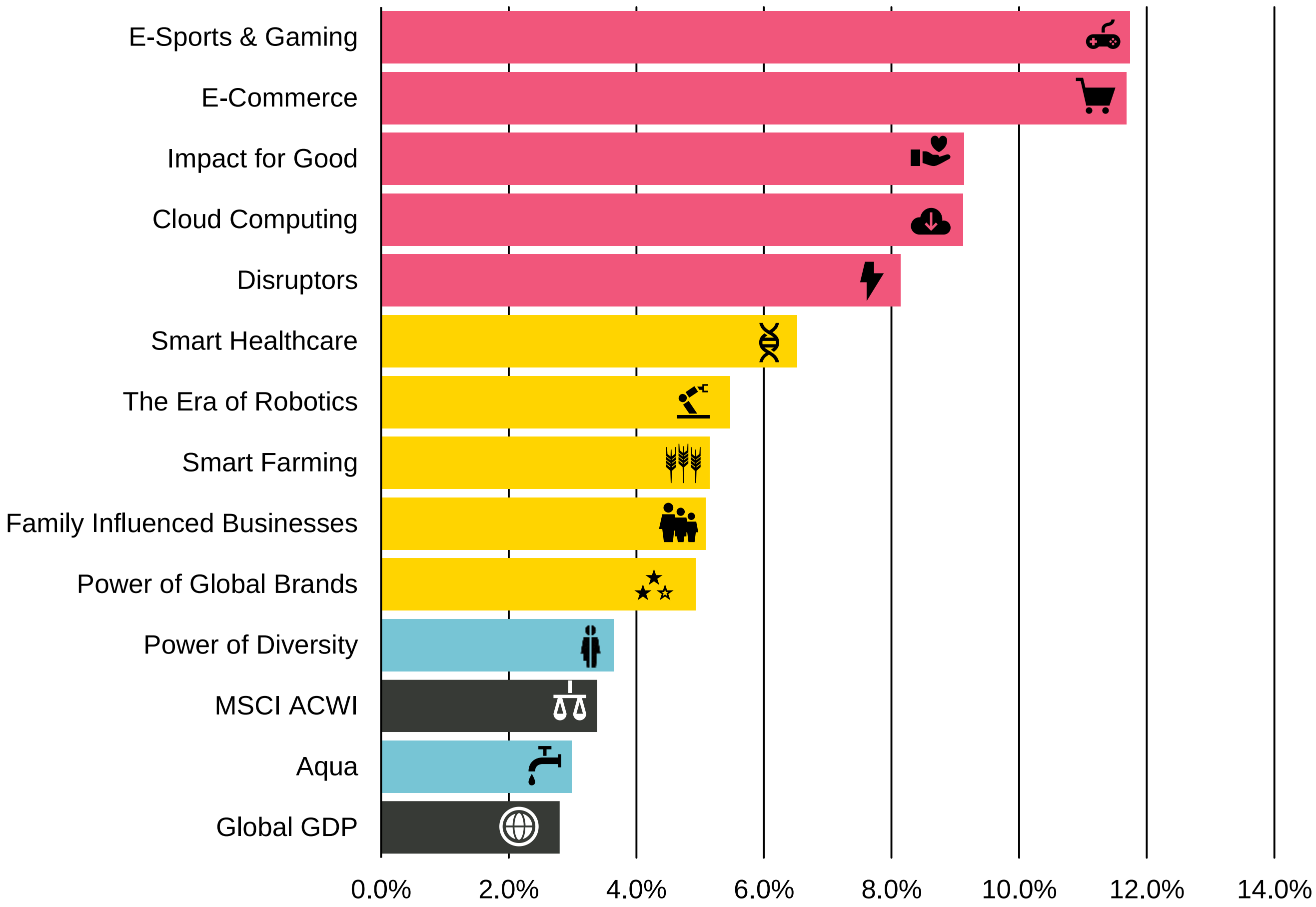
Finding opportunities in a low growth environment

Main objectives of the 3-Alpha Megatrends Fund:

Capture long-term structural growth themes

Create additional return potential for investors

Expected annual sales growth of companies within selected Megatrend themes vs. global GDP growth (2018-2020e CAGR)



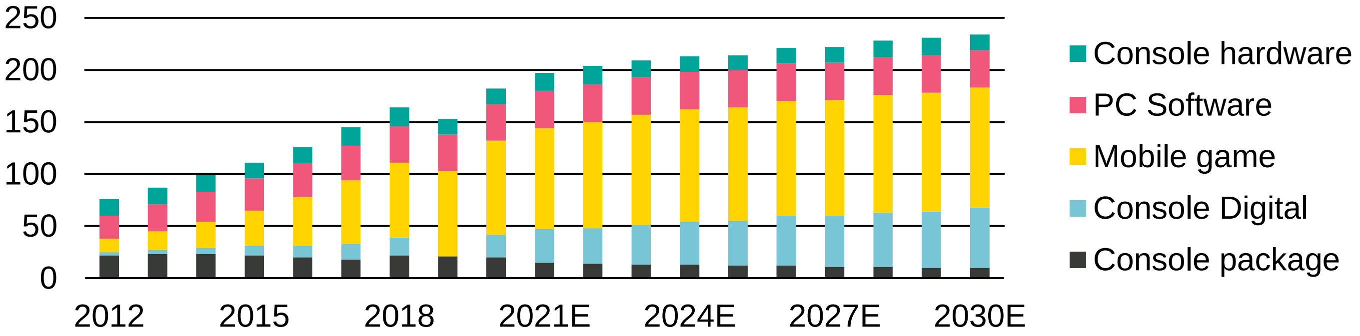
Source: Bloomberg (GDP growth rate based on Vontobel estimates; Thematic growth rates based on estimated weighted average sales growth rates of our thematic portfolios)

E-Sports & Gaming

The gaming market is growing

Growth

Gaming market (in billion USD)



E-Sports is estimated to become a USD 15b revenue market by 2022. (US NBA or NFL generate revenue of USD 4b and USD 13b respectively.)

E-Sports revenues in 2018 showed significant growth. The total revenue amounted to about USD 906 million.

The increase in revenues is leading to an increase in E-Sports prize money. Winning an E-Sports event like Fortnite is more lucrative than winning the PGA or the Tour de France.

In games, the trend is shifting from ownership to subscription model. The shift to Cloud gaming helps extend a game's life by providing continuous updates.

Innovation

– Augmented and Virtual Reality puts players "inside" the game.

– Cloud-based gaming: experiencing the highest frame-rate possible.

– AI / Blockchain in gaming: playing against improving computer opponents / owning digital assets.

Source: Goldman Sachs research, Vontobel

Smart Farming

The next breakthrough in agriculture

Neutral

Smart Farming market:

- Biotech
- Biologicals
- Precision Agriculture
- Vertical Farming
- Aquaculture

The concept of precision agriculture includes all approaches that aim to optimize returns while taking into account intra-field variability.

Agricultural biologicals include seed and plant treatment products derived from natural materials. More sustainable use of land and water is essential.

Urbanization is leading to rising food consumption while also causing labor shortages in the farming sector.

Currently, 70% of fresh water contamination comes from agriculture, while at the same time about 70% of fresh water usage goes to agriculture.

Innovation

– Precision agriculture relies on the technological developments in robotics and drones for the precise surveying of fields. Meanwhile, innovation in biotech and crop science helps to reduce reliance on herbicides and pesticides.

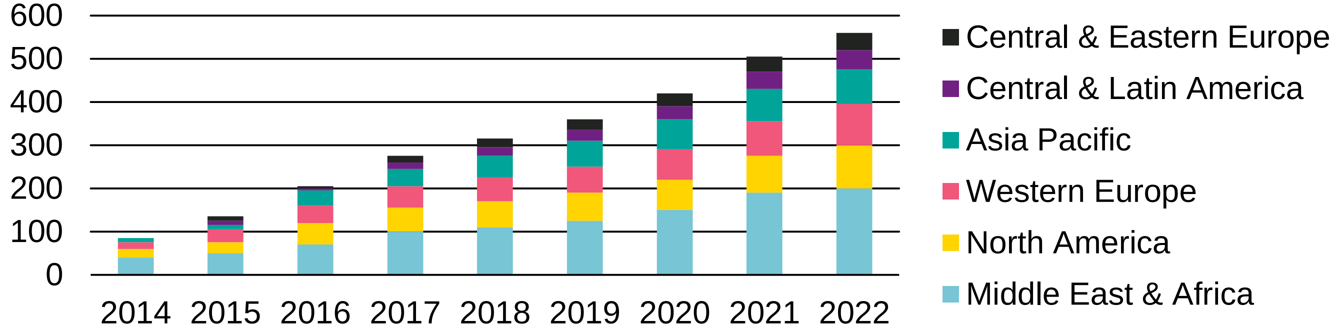
Source: Food and Agriculture Organization of the United Nations, Vontobel

Impact for Good

Turning our challenges into a positive impact, through innovative solutions

Neutral

Growth in access to mobile payment and credit transaction value (in billion USD)



Meet a need for affordable online learning access with high-quality content in order to close education gaps caused by governmental issues and lack of schools.

Promote an environmentally sustainable and socially responsible economy, with good working conditions and affordable housing.

Change behavior towards healthier food (plant-based diet) to prevent chronic diseases, and efficient access to affordable health care (e.g. telemedicine consultation)

Help facilitate financial inclusion through mobile and fintech solutions for payments, credit, and insurance.

Innovation

- Digitization and Artificial Intelligence in online learning are enabling the democratization of affordable high-quality education.
- Digitization in health care, such as telemedicine, offers access to high-quality health care in areas with a low density of healthcare facilities.

Source: Ernst & Young Global Technology M&A Report, McKinsey, CNBC, Vontobel

We invest in niche players

CD Projekt S.A.
(Poland, Mcap USD 6.48 Bln)

Sonos, Inc.
(USA, Mcap USD 1.44 Bln)

Livongo Health, Inc.
(USA, Mcap USD 2.64 Bln)

NEL ASA
(Norway, Mcap USD 0.98 Bln)

Source: Company Websites, Bloomberg

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Current Investment Strategy

	--	-	Neutral	+	++	Comment
Cash						
Bonds						
Government Bonds						We confirm our positive view of investment grade bonds and emerging market hard currency bonds. Government bonds remain slightly negative due to their return characteristics. We maintain our negative view of high yield bonds, resulting in an overall neutral view on bonds.
Investment Grade						
High Yield						
Emerging Markets						
Equities						
Switzerland						We remain neutral for European, American, Swiss and EM equities and slightly negative for Japanese equities. Emerging market equities were recently upgraded (attractive valuation, "Phase One Trade Deal") and Japanese equities downgraded (growth slow-down, VAT increase, unattractive valuation). On an aggregate level, we maintain our neutral view on equities.
Europe						
US						
Japan						
Emerging Markets						
Alternatives						
Gold						Gold is a good hedge against higher market volatility and is supported by dovish monetary policy. We remain neutral on commodities due to geopolitical tensions. We continue to like Hedge Funds and other alternatives for diversification purposes.
Commodities						
Hedge Funds						
Others (e.g. ILS)						

Legend: Underweight Neutral Overweight → Changes versus last month

3-Alpha Track record: Performance of the Vontobel Conviction Fund Balanced USD versus Peers

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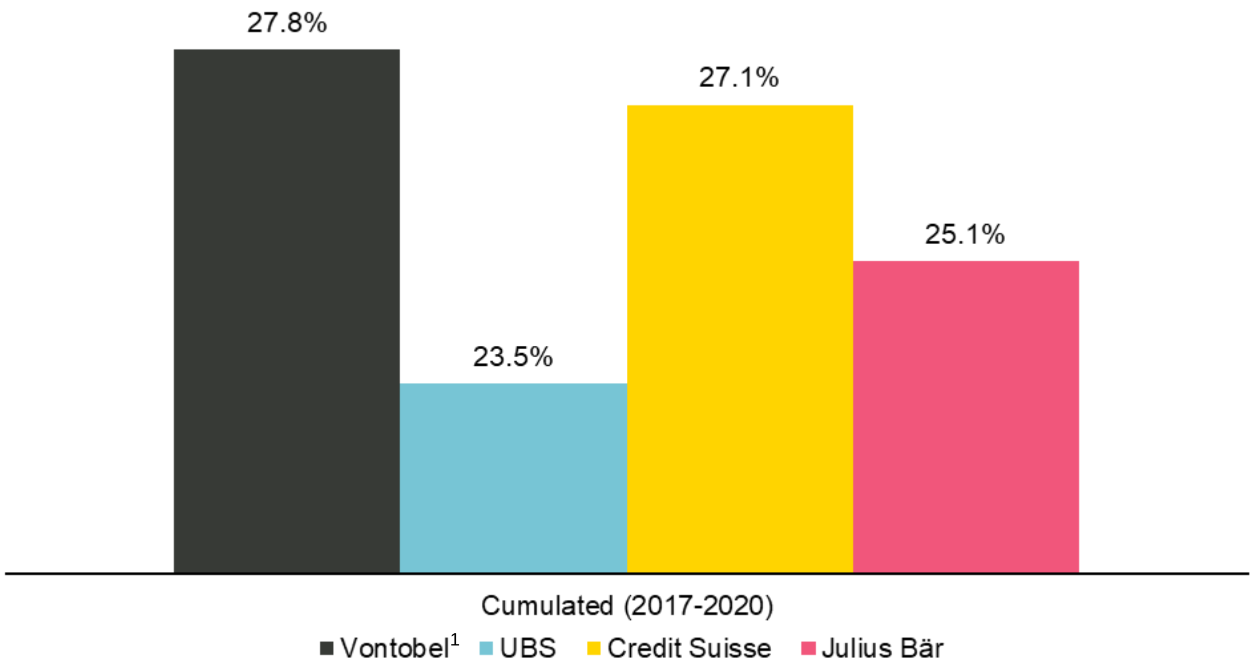
Conviction and peer funds, balanced profiles, USD, returns gross of fees in %, 01.01.2017 – 17.01.2020



The above returns are shown before management fees but after underlying fund investments' costs

	Vontobel	UBS	Credit Suisse	Julius Bär
Management Fees	1.20%	1.58%	1.50%	1.40%

Source: Bloomberg, Vontobel. Gross of fees returns excluding investment management fee, including underlying product costs, direct fees such as brokerage commissions and any other regulatory fees, duty, and/or tax (e.g. stamp duty etc.) associated with an individual transaction and including indirect fees such as bid/ask spread.

[1] Composite: Multi-manager mandate until 01.05.2018, from 01.05.2018 1/3 from each mandate: Vontobel Diversifer, Conviction and Opportunities. From 01.01.2019 Vontobel Conviction Fund: LU1569888719.
For peers: UBS: LU0200191152, CS: LU0078041133, JB: LU0236394168. Gross return of the listed funds are calculated as NAV + underlying annual management fee.

Past performance is no guarantee of future results and does not represent any assurance by Vontobel as to future returns or risks.

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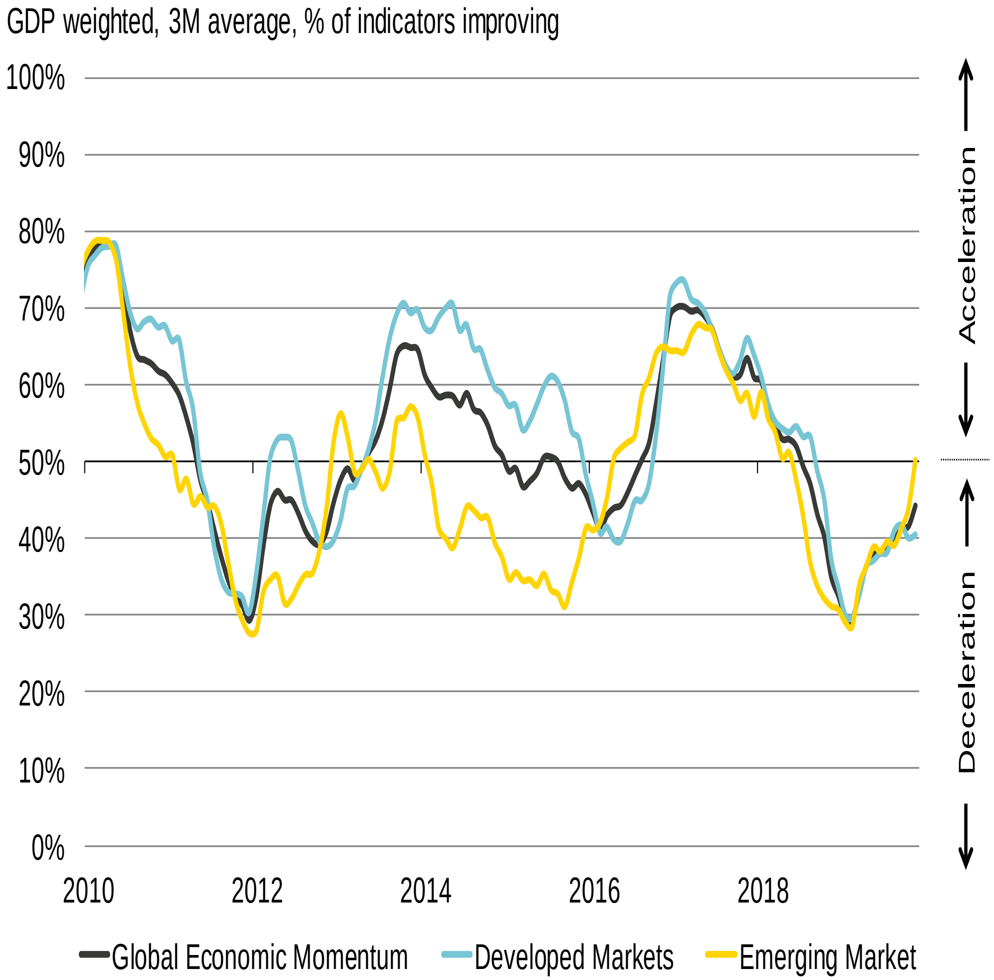
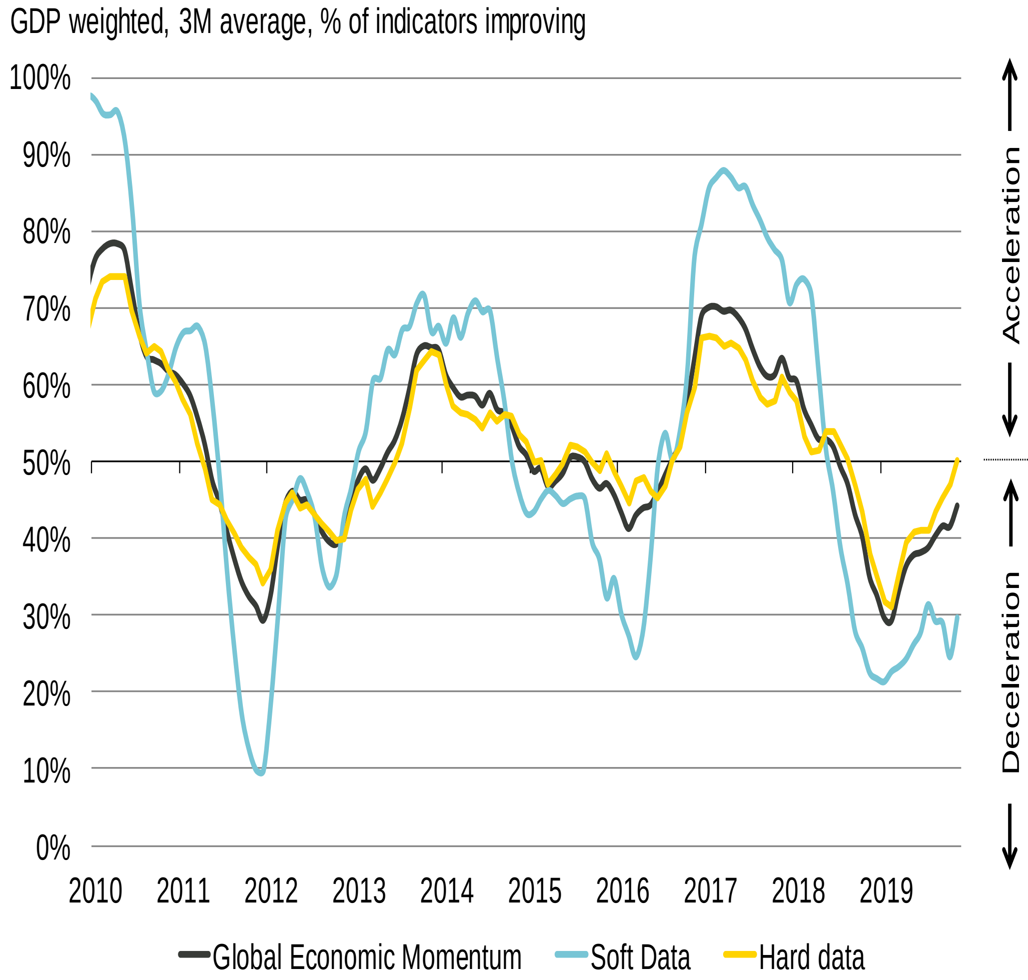
Economics: Global Economic Momentum*

EM almost in acceleration, DM still sideways



Hard data now back in acceleration zone

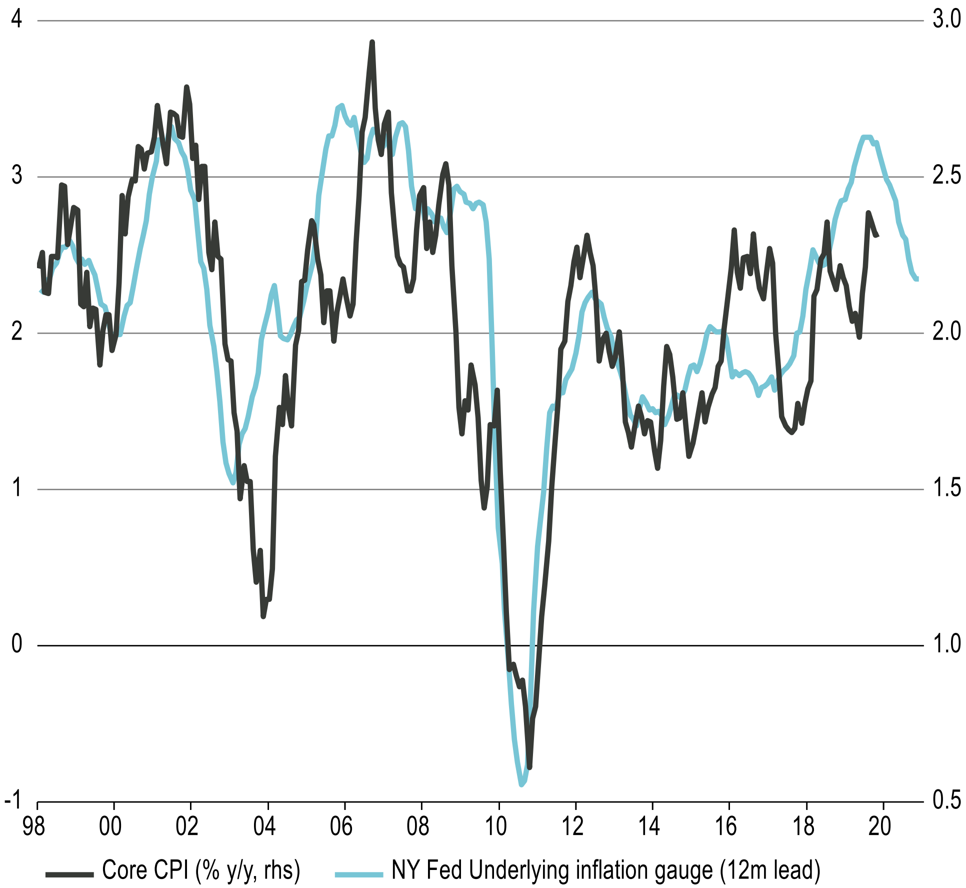


*Economic momentum measures a range of indicators (approximately 710 hard and soft data series). A reading above 50% means that the majority of economic indicators are improving, below 50% that the majority of indicators are deteriorating. The indicator tends to lead GDP growth by few months. We only show an indicator value in this table if more than 50% of underlying indicators are published. The "soft" data time series consists of approximately 130 indicators and "hard" data of approximately 580.

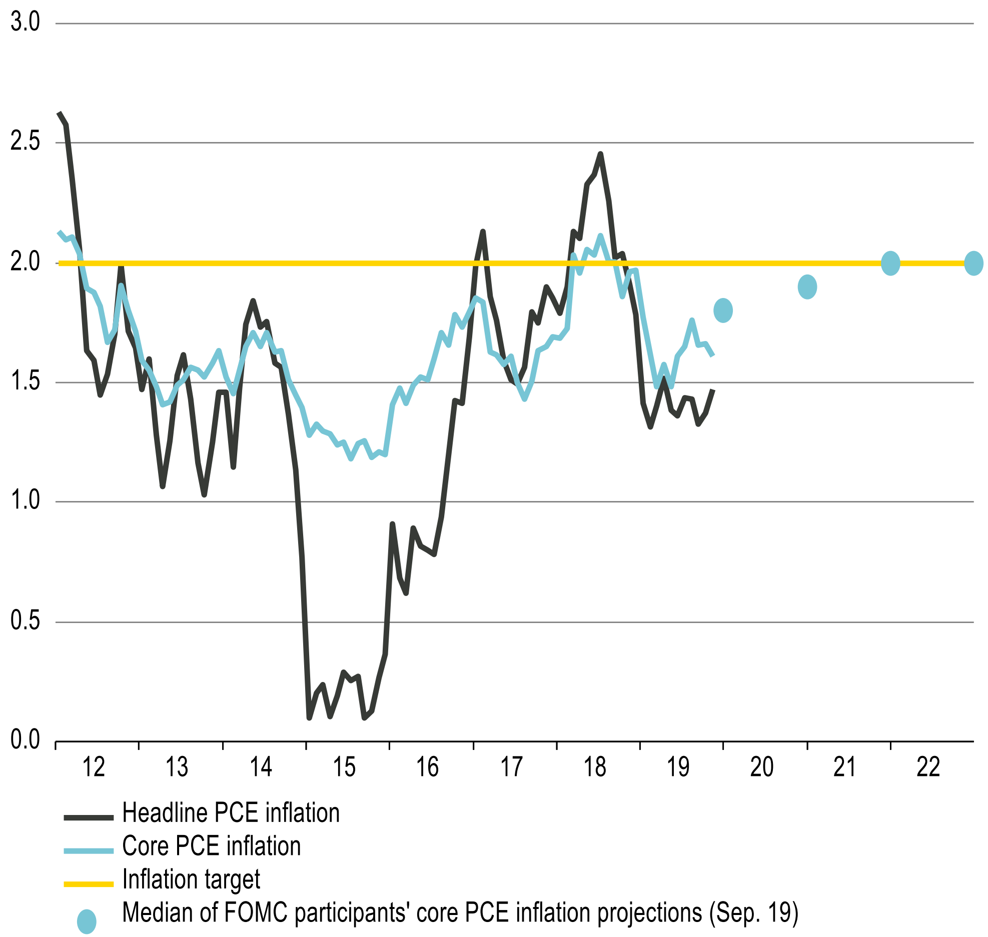
Source: Thomson Reuters Datastream, Vontobel

US: Inflation outlook

US CPI improving, forward-looking indicators remain downbeat



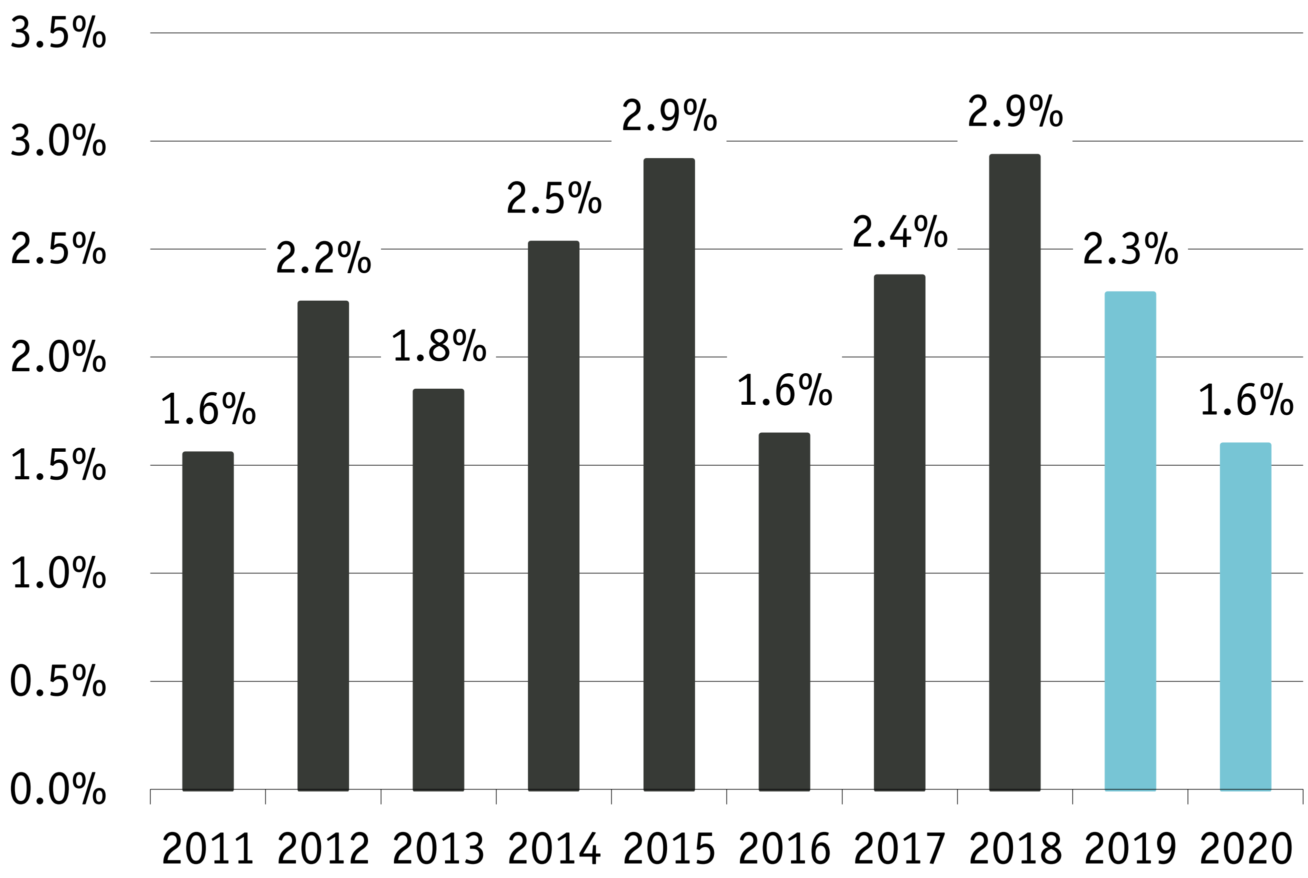
PCE inflation gradually rising, but remain below the Fed's 2% target



Source: Thomson Reuters Datastream, Federal Reserve, Vontobel

US: GDP forecasts

Real GDP (%yoy, light blue = forecasts)



F/c revised upward:

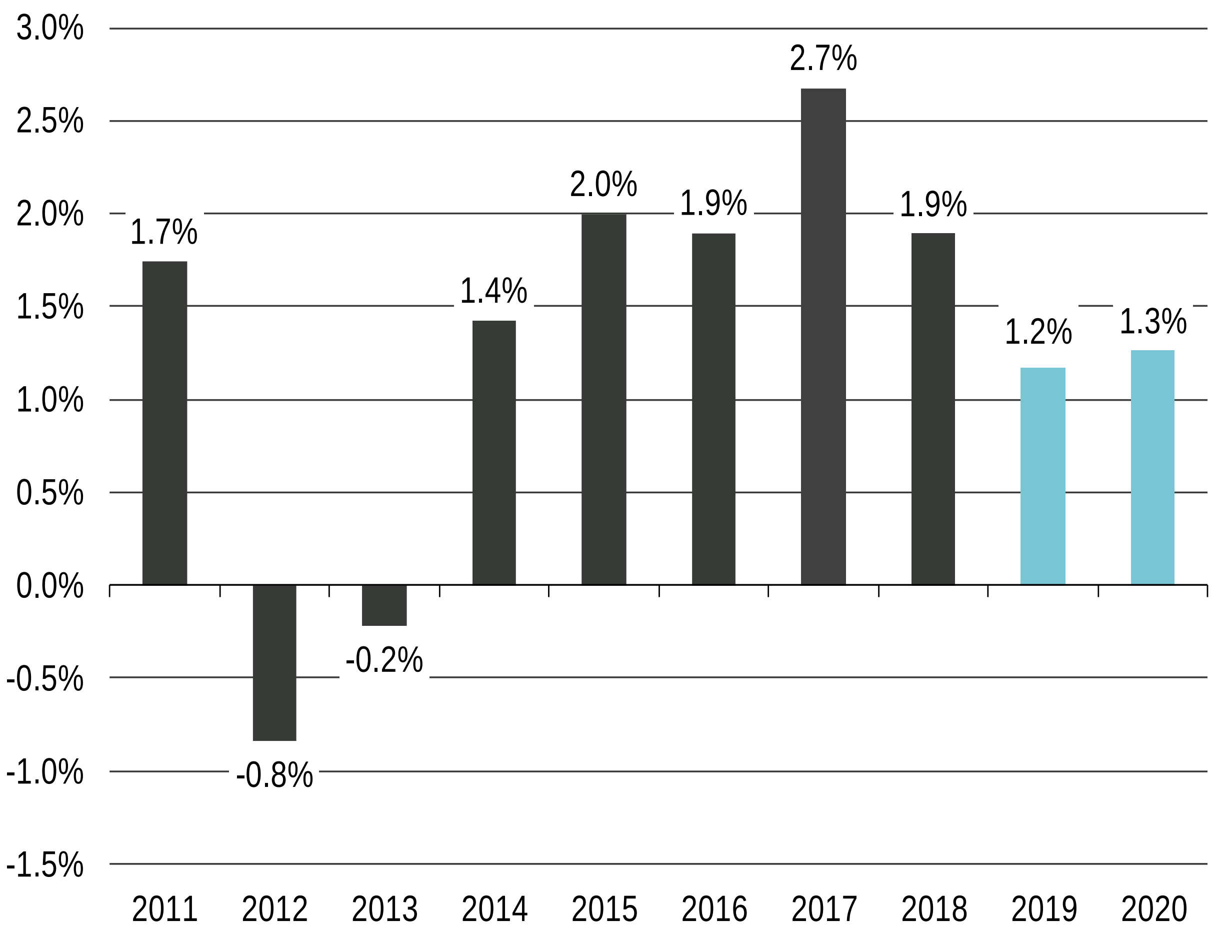
- **2019 GDP f/c** revised up to 2.3% from 2.2%. Growth to decelerate in Q4 due to further manufacturing weakness, and gradually slowing services sector. Stabilization in Q1 and rebound in H2.
- **2020 GDP** revised to 1.6% from 1.5%, still below consensus (1.8%).
- **Inflation** f/c unchanged at 1.8% in 2019, revised down to 2.0% from 2.1% in 2020.

Bias remains for **one more Fed rate cut** in Q1 (Q2 at the latest), on hold in H2.

Source: Bureau of Economic Analysis , Thomson Reuters Datastream, Vontobel Asset Management

EMU: GDP forecasts

Real GDP growth (%yoy, Vontobel forecasts in light blue)



Sentiment data still mixed

- Retail sales and indust. prod. (Oct. data) lower but generally in line expectations
- Survey data for manufacturing mixed but services improving
- Consumer surveys remain at solid levels
- US-China trade dispute and EMU-specific political uncertainty lower (Brexit)
- ECB: We do not expect further stimulus in Q1/2020, liquidity indicators are positive, Lagarde looks to start policy reassessment
- We expect weak growth in Q4 2019 but a stabilization in Q1 and a modest acceleration later in 2020

Source: Eurostat, Thomson Reuters Datastream, Vontobel

Emerging Market Growth Outlook 2020

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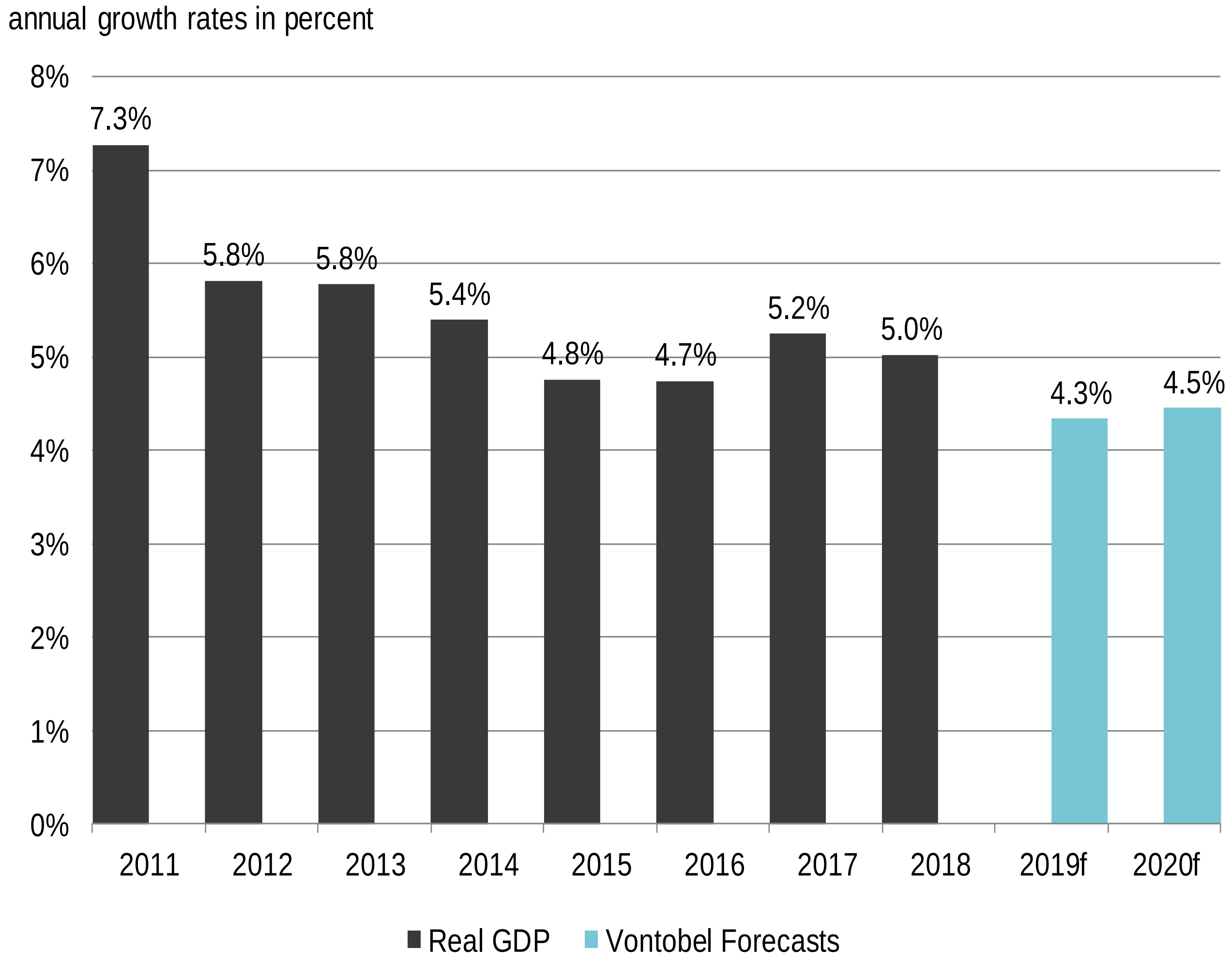
Green economic shoots point to stabilization in H1 2020



China forecast under review

– Taking into account the economic challenges that China is facing (bank restructuring, high leverage, economic transformation) China is unlikely to trigger much of an EM growth acceleration

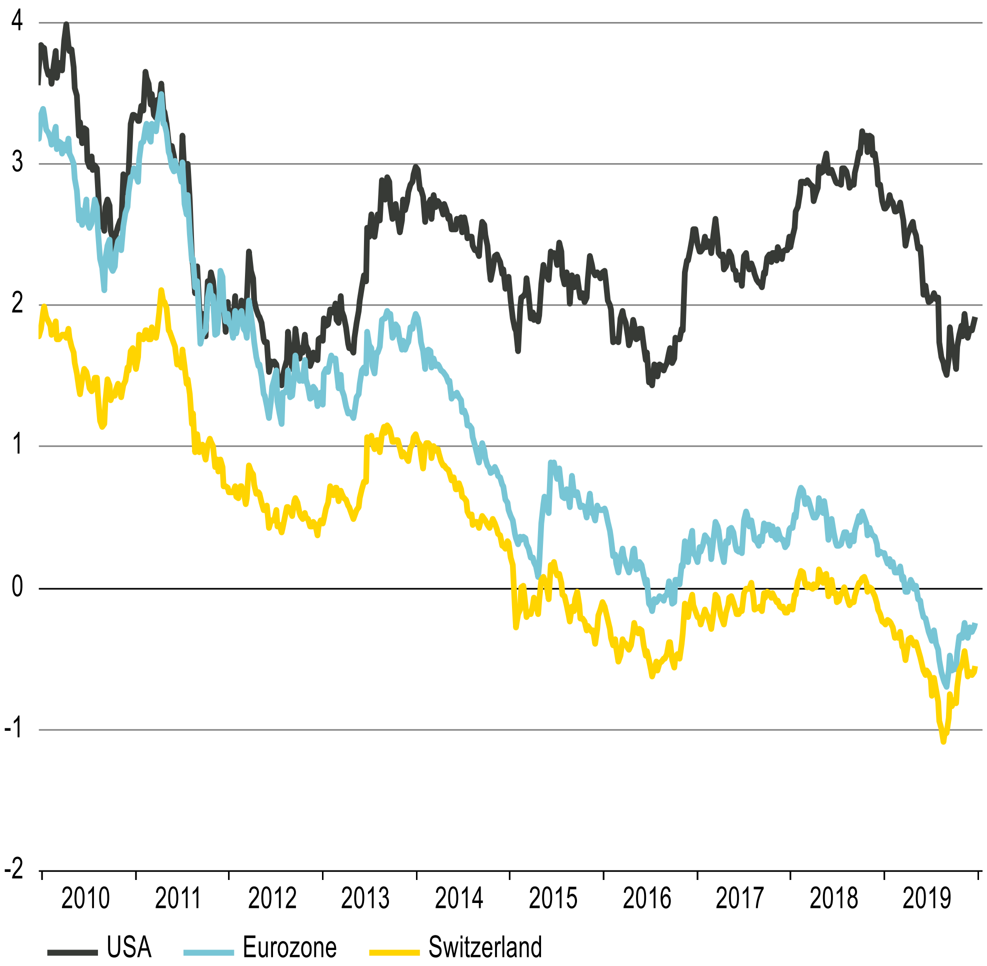
– Nevertheless, if a tariff-roll back is signed we will probably marginally increase our Chinese growth forecast (5.8% in 2020)

– In the absence of a Chinese economic recovery the growth outlook depends on external (DM) demand, which we expect to stabilize but not to rebound sharply

Source: Refinitiv Datastream, Vontobel

What is our take in the fixed income markets?

10-year government bond yields (%)



Neutral view on bonds

– We stay negative on government bonds given the unfavorable return outlook and, more important, as we do not expect a recession.

– We maintain our positive view on Investment Grade (IG) bonds, which in particular continue to convince institutional investors with their combination of high credit quality and carry.

– We also confirm our negative view on high yield bonds given deteriorating credit qualities.

– Our positive view of emerging market bonds in hard currency remains unchanged. These bonds are not exposed to emerging market currency risk. Emerging market bonds in local currency remain neutral.

Source: Refinitiv Datastream, Vontobel

What is our take on the equity markets?

Stock market performance

Neutral view on Equities

- We value American and Swiss equities because of high corporate profitability and the defensive nature of these markets. We remain neutral due to higher valuations.
- The recent trade truce can serve as a positive catalyst for emerging market equities, which now trade at an attractive valuation discount relative to developed market equities. We therefore recently decided to move EM to neutral.
- The developments regarding Brexit, the ECB's accommodative monetary policy and increased fiscal stimulus measures are advantageous for European equities. We recently upgraded this region to neutral.
- We view the Japanese market negatively as we see a significant slowdown in economic growth for this year. The Bank of Japan can only counteract this to a limited extent.

Source: Refinitiv Datastream, Vontobel Asset Management

What is our take on commodity markets?

Commodity prices

Neutral view on commodities

- Within the commodity complex, oil continues to be in focus. Oil prices surged at the beginning of last year and then moved sideways with strong volatility driven by multiple factors (US ban on Venezuelan and Iranian oil, tensions in Libya, production cuts implemented by OPEC and Russia, Iranian drone attack on Saudi oil production, continued supply growth).

- As we continue to expect macroeconomic and geopolitical volatility going forward, we find it difficult to build a positive or negative case for this asset class.

- Given the strong weighting of energy in the commodity index, we prefer to stick to our neutral view on commodities.

Source: Refinitiv Datastream, Vontobel

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What is our take on gold?

Gold price

Positive view on gold

– We maintain our positive view on gold.

– We have been positive on gold for quite some time, given that it benefits from more accommodative monetary policy. Further, gold acts as an important portfolio stabilizer in times of increased market uncertainty.

– So far, both drivers have been working in favor of the asset class.

– As we expect neither central banks nor major political decision-makers to reverse course in the near future, gold should continue to be supported going forward.

Source: Refinitiv Datastream, Vontobel Asset Management

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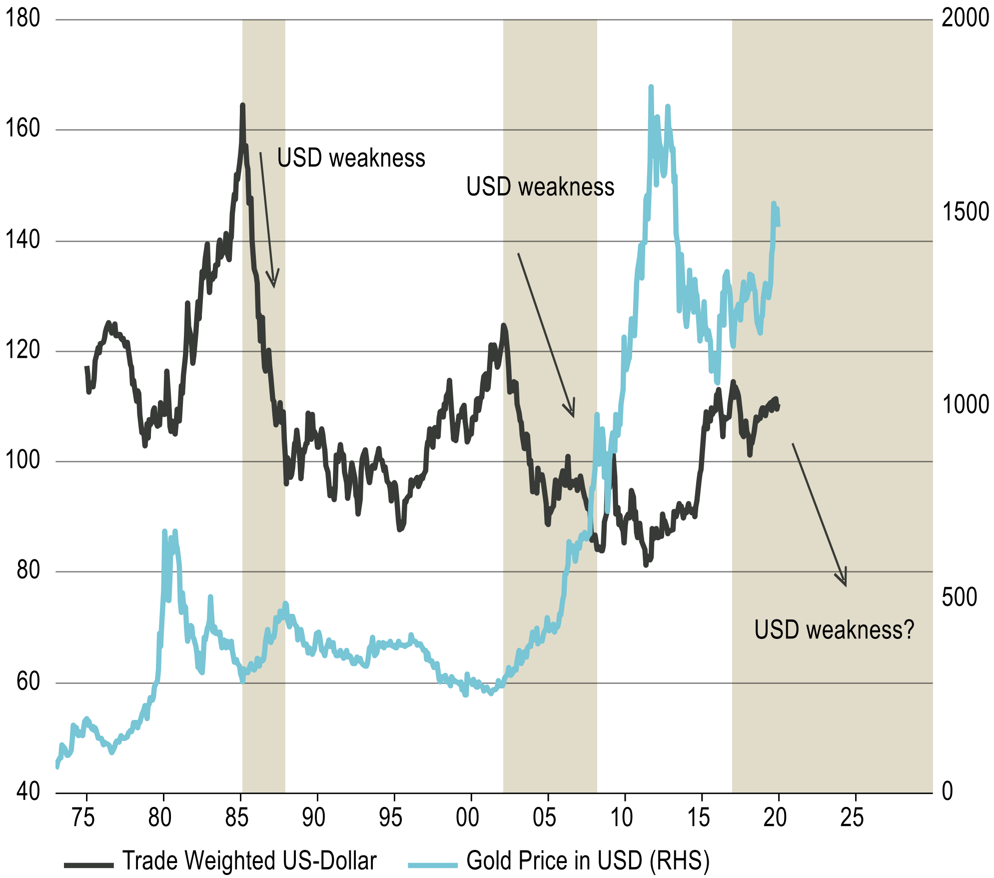
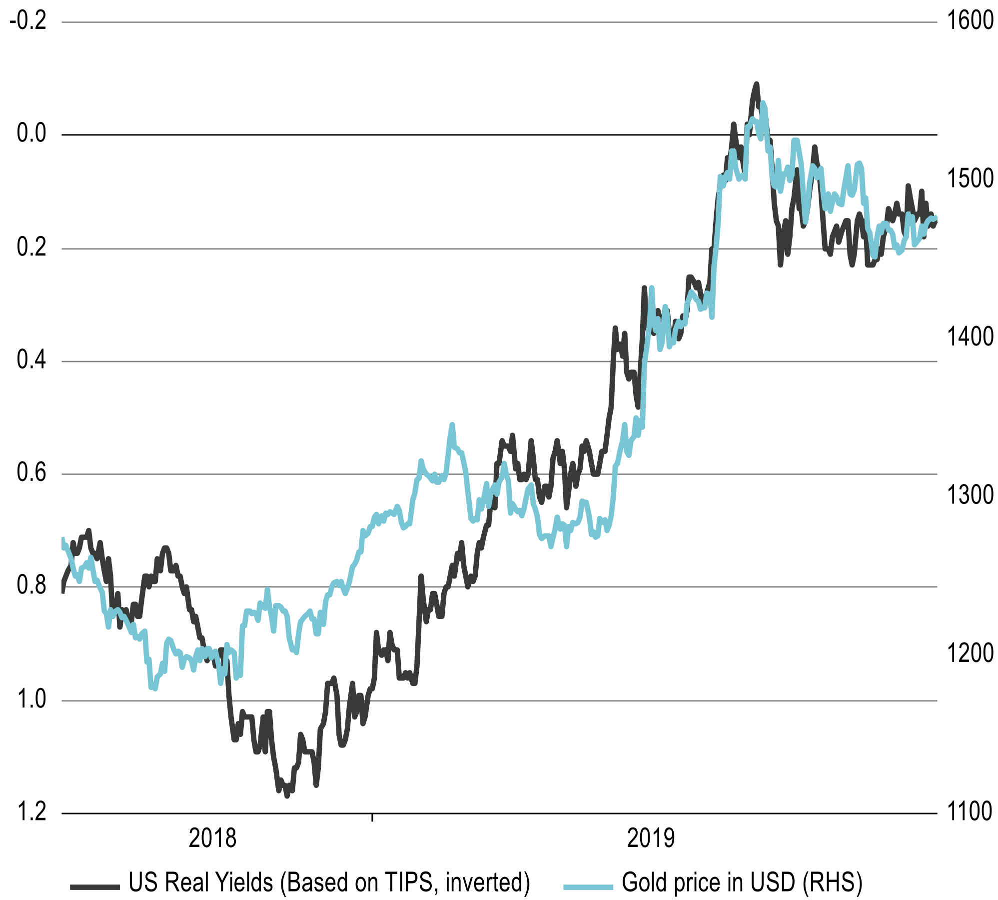
Gold: Which driver will dominate?

A big move in the greenback will help gold prices sooner or later



However, higher real yields (caused by better growth expectations) remain the key risk



Source: Datastream, Vontobel

Vontobel

Forecast overview GDP & Inflation

"Prev." refers to forecast as of 19.12.20

Consensus Forecasts published by Consensus Economics, London

blank cell in "prev." = forecast unchanged

GDP[1]	2017	2018	current[2]	2019E Consensus	2019E Vontobel	prev.	2020E Consensus	2020E Vontobel	prev.	2021E Consensus	2021E Vontobel	prev.
Global[3]	3.4	3.2	2.6	2.7	2.7		2.6	2.6	2.5	2.7	2.9	
Emerging Markets[4]	4.8	4.6	3.9	4.3	4.4	4.3	4.4	4.6	4.5	4.6	4.7	
Advanced Economies[5]	2.4	2.2	1.7	1.7	1.6		1.4	1.3		1.5	1.6	
Euroland	2.7	1.9	1.2	1.2	1.2		1.0	1.2	1.3	1.2	1.4	
USA	2.4	2.9	2.1	2.3	2.3		1.9	1.6		1.9	2.1	
Japan	2.2	0.3	1.9	1.0	1.0		0.4	0.5		0.8	1.1	
UK	1.9	1.3	1.1	1.3	1.2		1.1	1.3		1.4	1.4	
Switzerland	1.9	2.8	1.0	0.8	0.9		1.3	1.4		1.3	1.3	
Australia	2.5	2.7	1.7	2.2			2.5			2.5		
China	6.8	6.6	6.0	6.1	6.1		5.8	6.2	5.8	5.7	6.0	

[1] Average annual growth
[2] "current" = last quarterly data, % y-o-y
[3] Weighted average Emerging Marketes & Advanced Economies
[4] Weighted averages according to Vontobel EMAS universe
[5] Weighted averages according to Vontobel Advanced Economies universe

Inflation (CPI)[1]	2017	2018	current[2]	2019E Consensus	2019E Vontobel	prev.	2020E Consensus	2020E Vontobel	prev.	2021E Consensus	2021E Vontobel	prev.
Global[3]	2.1	2.5	2.5	2.2	2.1	2.0	2.3	2.3	2.2	2.1	2.1	
Emerging Markets[4]	2.5	3.1	3.7	3.2	3.2		3.3	3.3		2.9	2.8	
Advanced Economies[5]	1.8	2.0	1.7	1.5	1.4		1.6	1.6		1.7	1.7	
Euroland	1.5	1.8	1.3	1.2	1.2		1.3	1.4		1.4	1.5	
USA	2.1	2.4	2.3	1.8	1.8		2.1	2.0		2.1	2.1	
Japan[6]	0.5	1.0	0.5	0.6	0.6		0.6	0.9		0.6	0.6	
UK	2.7	2.5	1.3	1.8	1.9		1.7	2.0		1.9	2.1	
Switzerland	0.5	0.9	0.2	0.4	0.4		0.3	0.4	0.5	0.7	0.7	
Australia	2.0	1.9	1.7	1.9			2.0			2.0		
China	1.5	2.1	4.5	3.1	3.0	2.9	3.3	3.3	3.0	2.8	2.8	

[1] Annual average
[2] "current" = last monthly data; % y-o-y
[3] Weighted average Emerging Marketes & Advanced Economies
[4] Weighted averages according to Vontobel EMAS universe
[5] Weighted averages according to Vontobel Advanced Economies universe
[6] National measure

"Prev." refers to forecast as of **21.11.19**

Consensus Forecasts published by Consensus Economics, London

actual forecast as of 19.12.19

blank cell in "prev." = forecast unchanged

Forecast overview policy rates & government bond yields

Vontobel

Key interest rates	2017[1]	2018[1]	Jan 17, 20	Q2 20 Bloomberg Consensus	in 3 mt. Vontobel	prev.	Q1 21 Bloomberg Consensus	in 12 mt. Vontobel	prev.
Euroland (ECB, deposit rate)	-0.40	-0.40	-0.50	-0.55	-0.50		-0.58	-0.50	
USA (FED, fed funds rate)[2]	1.50	2.50	1.75	1.65	1.50		1.60	1.50	
Japan (BOJ, overnight rate)[3]	-0.10	-0.10	-0.10	-0.12	-0.10	-0.20	-0.12	-0.20	
UK (BOE, base lending rate)	0.50	0.75	0.75	0.70	0.75		0.75	0.50	
Switzerland (SNB policy rate)	-0.75	-0.71	-0.75	-0.78	-0.75		-0.80	-0.75	
Australia (RBA, cash rate)	1.50	1.50	0.75	0.45		0.45	0.40		0.40
China (lending rate, 6 mth. - 1 yr.)	4.35	4.35	4.35	4.30	4.35		4.25	4.35	

[1] Year-end; [2] Upper bound

[3] Vontobel forecast concerns BoJ policy rate, which applies to a small amount of the deposits held by banks at the BoJ

Government bond yields	2017[1]	2018[1]	Jan 17, 20	in 3 mt. Consensus	in 3 mt. Vontobel	prev.	in 12 mt. Consensus	in 12 mt. Vontobel	prev.
Germany	0.4	0.2	-0.3	-0.3	-0.3	-0.4	-0.3	-0.2	
USA	2.4	2.7	1.8	1.9	1.6		2.1	2.0	
Japan	0.0	0.0	0.0	-0.1	-0.1	-0.2	0.0	-0.1	
UK	1.2	1.3	0.6	0.8	0.8		1.1	1.0	
Switzerland	-0.1	-0.2	-0.6	-0.6	-0.8		-0.4	-0.6	
Australia	2.7	2.3	1.2	1.0		1.0	1.1		1.1

1) Yield on 10-year gov. bonds at year-end;

***"Prev." refers to forecast as of* 21.11.19**

Consensus Forecasts published by Consensus Economics, London

***actual forecast as of* 19.12.19**

blank cell in "prev." = forecast unchanged

Forecast overview foreign exchange rates & commodities

Vontobel

Foreign exchange rates	2017[1]	2018[1]	Jan 17, 20	in 3 mt. Consensus	in 3 mt. Vontobel	prev.	in 12 mt. Consensus	in 12 mt. Vontobel	prev.
CHF per EUR	1.17	1.13	1.07	1.10	1.10	1.11	1.11	1.09	1.13
CHF per USD	0.97	0.99	0.97	0.98	0.96	0.98	0.97	0.94	0.97
CHF per 100 JPY	0.87	0.90	0.88	0.91	0.89	0.92	0.92	0.89	0.93
CHF per GBP	1.32	1.26	1.26	1.29	1.33	1.37	1.30	1.36	1.41
CHF per AUD	0.76	0.69	0.67	0.69	0.67	0.69	0.68	0.68	0.70
USD per EUR	1.20	1.14	1.11	1.12	1.13		1.14	1.16	
JPY per USD	113	110	110	108	107		106	105	
USD per AUD	0.78	0.70	0.69	0.70	0.70		0.70	0.72	
GBP per EUR	0.89	0.90	0.85	0.85	0.81		0.85	0.80	
CNY per USD	6.95	6.51	6.86	7.00	6.85		7.00	7.00	7.10

1) Year-end

Commodities	2017[1]	2018[1]	Jan 17, 20	Q2 20 Bloomberg Consensus	in 3 mt. Vontobel	prev.	Q1 21 Bloomberg Consensus	in 12 mt. Vontobel	prev.
Crude oil (Brent, USD/barrel)	67	53	65	61	70		62	75	
Gold (USD/troy ounce)	1'303	1'281	1'557	1'500	1'500		1'493	1'500	
Copper (USD/metric ton)	7'207	5'949	6'247	6'100	7'000		6'100	7'000	

1) Year-end

Macro Research (Global, Eurozone, UK, Switzerland): Dr. Reto Cueni / Macro Research (USA, Japan) and Fixed Income Strategy: Sandrine Perret
Macro Research (Emerging Markets) and FX Strategy: Dr. Sven Schubert / Commodity Strategy: Stefan Eppenberger
Consensus for Australia GDP, CPI-Inflation, 10-year government bond yields and USD per AUD from Bloomberg instead of Consensus Inc.
Blooomberg Consensus downloaded as per Jan 19, 20

***"Prev." refers to forecast as of* 21.11.19**

***actual forecast as of* 19.12.19**

Consensus Forecasts published by Consensus Economics, London

blank cell in "prev." = forecast unchanged

Vontobel

Emerging markets GDP forecasts

"Prev." refers to forecast as of **Dec 2019**

Consensus Forecasts published by Consensus Economics, London *blank cell in "prev." = forecast unchanged*

GDP[1]	2017	2018	current[2]	2020E Consensus	2020E Vontob	prev.	2021E Consensus	2021E Vontobe	prev.
China	6.8	6.6	6.0	5.9	6.2	5.8	5.8	6.0	
India[3]	7.2	6.8	4.3	5.1	5.6		6.2	6.3	
Indonesia	5.1	5.2	5.0	5.0			5.3		
Malaysia	5.7	4.7	4.4	4.3			4.5		
South Korea	3.2	2.7	2.2	2.2			2.3		
Taiwan	3.1	2.6	3.4	2.3			2.4		
Thailand	4.0	4.1	2.4	2.9			3.3		
Hungary	4.1	4.9	5.0	3.2			2.9		
Poland	4.9	5.1	5.3	3.3			3.0		
Russia	1.6	2.3	0.5	1.7	1.9		1.8	2.0	
South Africa	1.4	0.8	0.4	1.0			1.4		
Turkey	7.5	2.8	1.0	2.9			3.1		
Brazil	1.1	1.1	1.2	2.2	2.1	2.0	2.5	2.4	
Chile	1.3	4.0	3.3	1.5			2.6		
Columbia	1.4	2.6	3.3	3.2			3.2		
Mexico	2.1	2.0	-0.3	1.1			1.9		

1) Average annual growth; 2) "current" = last quarterly data, % y-o-y; 3) Forecast for Financial Year

Source: Thomson Reuters Datastream

Vontobel

Emerging markets inflation forecasts

Inflation (CPI)[1]	2017	2018	current[2]	2020E Consensus	2020E Vontobel	prev.	2021E Consensus	2021E Vontobel	prev.
China	1.5	2.1	4.5	3.1	3.0		2.1	2.0	
India[3]	3.4	7.2	2.6	4.0	4.5	4.2	4.1	4.2	3.9
Indonesia	3.8	3.2	2.7	3.5			3.5		
Malaysia	3.8	1.0	1.0	1.9			1.8		
South Korea	1.9	1.5	0.7	1.1			1.4		
Taiwan	0.6	1.4	1.1	1.0			1.1		
Thailand	0.7	1.1	0.9	1.0			1.1		
Hungary	2.4	2.9	4.1	3.2			3.1		
Poland	2.0	1.8	3.2	2.8			2.5		
Russia	3.7	2.9	3.1	3.3	3.3	3.5	4.0	3.6	3.4
South Africa	5.3	4.6	3.6	4.7			4.8		
Turkey	11.1	16.3	11.8	11.2			10.5		
Brazil	3.5	3.7	4.3	3.7	4.2		3.8	4.2	
Chile	2.2	2.7	3.0	2.9			2.9		
Colombia	4.3	3.2	3.8	3.6			3.2		
Mexico	6.0	4.9	2.8	3.3			3.4		

1) Annual average; 2) "current" = last monthly data; % y-o-y ; 3) WPI, Forecast for Financial Year

Source: Thomson Reuters Datastream

Vontobel

Emerging markets policy rates forecasts

Key interest rates	2017[1]	2018[1]	Jan 21, 20	in 3 mt. Consensus	**in 3 mt. Vontob**	**prev.**	in 12 mt. Consensus	**in 12 mt.**	**prev.**
China (lending rate, 6 mth. - 1 yr.)	4.35	4.35	4.35	4.30	4.35		4.30	4.35	
India (repo rate)	6.25	6.00	5.15	4.90	5.00		4.95	4.75	
Indonesia (BI rate)	4.75	4.25	5.00	4.75			*4.75*		
Malaysia (overnight policy rate)	3.00	3.00	3.00	2.75			2.80		
South Korea (7 day repo rate)	1.25	1.50	1.25	1.20			*1.20*		
Taiwan (discount rate)	1.38	1.38	1.38	1.40			1.35		
Thailand (1 day repo rate)	1.50	1.50	1.25	1.20			1.15		
Hungary (base rate)	0.90	0.90	0.90	0.90			0.95		
Poland (repo rate)	1.50	1.50	1.50	1.50			*1.50*		
Russia (refinancing rate)	10.00	7.75	6.25	5.95	5.75	6.00	5.95	5.75	6.00
South Africa (repo rate)	7.00	6.75	6.25	6.35			*6.35*		
Turkey (1 week repo rate)	8.00	8.00	11.25	11.30			10.20		
Brazil (Selic)	13.75	7.00	4.50	4.40	4.25		5.15	4.25	
Chile	3.50	2.50	1.75	#N/A			#N/A		
Colombia (repo rate)	7.50	4.75	4.25	4.30			*4.50*		
Mexico (overnight rate)	5.75	7.25	7.25	6.65			6.35		

1) year-end; Consensus in *Italic* = Bloomberg Consensus (nearest quarter)

Source: Thomson Reuters Datastream

Vontobel

Emerging markets foreign exchange rate forecasts

Foreign exchange rates	2017[1]	2018[1]	Jan 21, 20	in 3 mt. Consensus	**in 3 mt. Vontob**	**prev.**	in 12 mt. Consensus	**in 12 mt.**	**prev.**
CNY per USD	6.95	6.51	6.91	7.00	6.85		7.00	7.00	7.10
INR per USD	67.9	63.8	71.2	71.4	70.0	68.50	71.9	70.0	66.50
IDR per USD	13473	13568	13658	14000	13900		13900	13800	
MYR per USD	4.49	4.05	4.07	4.13	4.05	4.15	4.10	4.10	
KRW per USD	1208	1071	1167	1150	1120	1160	1160	1100	
TWD per USD	32.2	29.8	30.0	30.0	30.00		30.0	30.00	
THB per USD	35.8	32.6	30.4	30.3	30.20		30.2	30.10	
HUF per USD	293	258	301	262	270	280.7	3	263	271.6
PLN per USD	4.17	3.47	3.81	3.35	3.67	3.73	3.23	3.53	3.58
RUB per USD	61.0	57.6	61.8	63.4	60.5	62.0	64.0	61.0	60.0
ZAR per USD	13.68	12.38	14.48	14.70	14.80		14.80	15.00	14.50
TRY per USD	3.52	3.79	5.93	6.07	5.80	5.60	6.29	6.00	5.80
BRL per USD	3.25	3.32	4.20	4.00	3.90	3.80	3.94	3.90	3.70
CLP per USD	670	615	773	750	740.00		750	740.00	720.0
COP per USD	3002	2985	3350	3345	#N/A	#N/A	3310	#N/A	#N/A
MXN per USD	20.6	19.6	18.7	19.1	18.8	19.0	19.2	19.0	18.8

1) year-end

Macro Research (Global, Eurozone, UK, Switzerland): Dr. Reto Cueni / Macro Research (USA, Japan) and Fixed Income Strategy: Sandrine Perr
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