


**Vontobel Fund – Clean Technology**  
**(Performance in %)**

Shareclass/Index	Q1/12	YTD	1 J. p.a.	3 Y. p.a.
<b>B EUR</b>	10.4%	10.4%	-5.9%	16.0%
<b>I EUR</b>	10.7%	10.7%	-5.1%	17.0%
<b>Index*</b>	8.8%	8.8%	7.2%	20.1%

\*MSCI World Index TR NET EUR

Source: Bank Vontobel AG. Past performance is not a guide to current or future performance. The performance data do not take account of the commissions and costs incurred on issue and redemption. The return of the fund can be a result of currency fluctuations rise or fall.

## Market Developments

Global equity markets enjoyed a strong first quarter of 2012 though the momentum seen in January and February moderated somewhat in March. Sector performance has also changed towards the end of the quarter, with defensive stocks – shares of companies with business models which are not dependent on economic fluctuations – or less cyclical names making the highest gains. Many economically sensitive sectors, such as materials, energy and industrials gave up some of the performance in March, while on the other hand, consumer staples and healthcare rose.

Amongst the investable themes for the Clean Technology Fund, clean energy - in particular the solar and the wind sector – continued to face strong headwind. Demand outlook across Europe remains uncertain but stable in the US and Japan, while China appears to have stronger growth potential this year.

On the positive note, companies related to the water theme, mainly companies operating in water supply and water analysis, performed well.

Furthermore, there has been a marked uptake of electric vehicles in the US as gasoline prices threatened to hit USD4/gallon. Electric cars and hybrids were the fastest-growing segment in the US auto market in the first quarter and sales rose 49% to more than 117,000 vehicles, against fewer than 79,000 units in the same quarter last year.

## Portfolio Review

---

During the quarter, we reduced our positions in Wacker Chemie and Xcel Energy.

We initiated a new position in Ingesoll-Rand (IR). With one of the largest exposures to the improving US non-residential construction end-markets, IR is poised to benefit from its technological and market leadership in heating, ventilation, air-conditioning and security businesses when new measures to enhance energy efficiency in buildings are getting increasing traction. Meanwhile, IR will also benefit from spending in residential construction which is expected to recover from the current low level. IR is trading at 10% to 15% discount to its peers and, considering its scope for margin improvements going forward, there is significant upside potential in the share price.

The top positions in the fund included Tetra Tech, American Water Works, Danaher, Henkel and Roper.

## Performance Analysis

---

During the first quarter, the Vontobel Fund – Clean Technology generated a positive return of 10.4%, against a positive return of 8.8% of the MSCI World Index. This outperformance of 1.6% was attributed primarily to positive return from stock selection in capital goods (Prysmian, Andritz, Ametek, GEA, Regal Beloit) and utilities (CEMIG). Meanwhile, being overweight in the capital goods sector also contributed positively in terms of sector allocation. This has more than offset the negative return from being overweight in utilities, which performed positively on an absolute level, but underperformed on a relative basis relative to the fund.

The top positive contributor in the first quarter was Tetra Tech. The stock benefited from both the announcement of securing further orders, and raising fiscal year 2012 earnings and revenue guidance.

The bottom negative contributor was EDP Renovaveis, which slid on continuous negative sentiment towards the wind industry.

## Outlook

---

In addition to the rapid growth in hybrid and plug-in vehicles, the average fuel economy of new cars is also improving. We believe that the uptrend in fuel economy efficiency for passenger cars will continue, driving demand for the vital technologies and components to make that happen.

The phasing out of incandescent light bulbs will continue globally, thereby eliminating the higher wattage bulbs. The EU banned the 75-watt bulb last September and did the same for the 60-watt bulb in September this year - By September 2012, all incandescent light bulbs will be banned. This should be the final starting shot for LED lights in the EU. They are currently seen as the best technological alternative, containing no mercury and being more energy efficient than fluorescent lamps. The current LED chip overcapacity allows prices to come down faster, thus making LED more competitive for general lighting.

In the short term, relatively weak demand and pricing pressure will present some of the challenges to LED chipmakers notwithstanding the positive long-term growth prospects. On the other hand, Taiwan's government will widen subsidies for installation of LED streetlights, which should give the LED segment a boost.

New environmental constraints in China, the EU's application of water directives and scarcity of water in the Middle East offer growth opportunities for works and engineering in the clean water sub-theme. Expanding municipal wastewater treatment and improving drinking water quality will be key aspects of China's environmental policy. This clearly supports our investment focus on the clean water subtheme.

### Fund information Vontobel Fund – Clean Technology

Share Class	Currency	ISIN	Inception Date
A	EUR	LU0384405519	17.11.2008
B	EUR	LU0384405600	
I	EUR	LU0384405949	

**Important legal information:** This document is for information purposes only and does not constitute an offer to subscribe for shares of the Fund. Subscriptions of the Vontobel Fund, an investment fund under Luxembourg law (SICAV), should in any event be made solely on the basis of the current offering prospectus, the Key Investor Information Document (KIID), the articles of incorporation and the most recent annual or semi-annual report (for Italy also the "Modulo di Sottoscrizione") and after seeking the advice of an independent finance, legal, accounting and tax specialist. For more details regarding the potential risks of this Fund, please refer to the current full prospectus. Interested parties may obtain the abovementioned documents and the list of benchmarks free of charge from the representative in Switzerland: Vontobel Fonds Services AG, Gotthardstrasse 43, 8022 Zurich, the paying agent in Switzerland: Bank Vontobel AG, Gotthardstrasse 43, 8022 Zurich, the paying agent in Austria Bank Vontobel Österreich AG, Rathausplatz 4, 5020 Salzburg, the paying agent in Germany: B. Metzler seel. Sohn & Co. KGaA, Grosse Gallusstrasse 18, 60311 Frankfurt/Main, from the authorized distribution agencies and from the offices of the fund at 69, route d'Esch, L-1470 Luxembourg. They may also download these documents from our website at [funds.vontobel.com](http://funds.vontobel.com). Past performance is not a reliable indicator of current or future performance. Performance data take no account of the commissions and costs charged when units are issued and redeemed. The return of the Fund may go down as well as up due to changes in rates of exchange between currencies.

This document has been produced by Bank Vontobel AG. It is explicitly not the result of a financial analysis and therefore the "Directives on the Independence of Financial Research" of the Swiss Bankers Association is not applicable. Bank Vontobel and/or its board of directors, executive management and employees may have or have had interests or positions in, or traded or acted as market maker in relevant securities. Furthermore, such entities or persons may have or have had a relationship with or may provide or have provided corporate finance or other services to or serve or have served as directors of relevant companies. Although Bank Vontobel believes that the information provided in this document is based on reliable sources, it cannot assume responsibility for the quality, correctness, timeliness or completeness of the information contained in this report.



Private Banking  
 Investment Banking  
 Asset Management

Performance creates trust

Bank Vontobel AG  
 Gotthardstrasse 43, 8022 Zurich  
 Telephone +41 (0)58 283 71 11  
 Telefax +41 (0)58 283 76 50  
[www.vontobel.com](http://www.vontobel.com)