Monthly commentary / 29.5.2026

Vontobel Fund – Swiss Franc Bond Foreign

Marketing document for institutional investors in: AT, CH, DE, ES, FR, GB, IT, LI, LU, PT, SE, SG (Professional Investors only).

Investors in France should note that, relative to the expectations of the Autorité des Marchés Financiers, this fund presents disproportionate communication on the consideration of non-financial criteria in its investment policy.

Market developments

In May, financial markets were caught between geopolitical developments in the Middle East, persistent inflationary pressures, and an overall resilient US economy. At the beginning of the month, hopes for a de-escalation between the US and Iran initially led to lower oil prices and provided support for risk assets. As the month progressed, developments surrounding the Strait of Hormuz became increasingly important. Recurring tensions triggered several spikes in oil prices, fueling inflation concerns and contributing to higher bond yields and a stronger US dollar. Signals of ceasefires or renewed negotiations between the US and Iran periodically eased market concerns but were regularly followed by renewed tensions. These rapid shifts in the news flow resulted in pronounced intraday volatility across all asset classes. At the same time, macroeconomic data increasingly moved into focus. The US economy continued to demonstrate resilience, supported by a solid labor market and stronger-than-expected consumer spending data. However, inflation indicators such as both the Consumer Price Index (CPI) and Producer Price Index (PPI) repeatedly came above expectations, reinforcing concerns that inflation could remain elevated for longer. As a result, markets reassessed the outlook for monetary policy, increasingly pricing in a more prolonged restrictive stance by the US Federal Reserve. This was particularly evident during periods of weak government bond auctions and rising long-term yields, with the 10-year US Treasury yield temporarily reaching around 4.67% during the month. Central bank communication reinforced this trend, as several Fed officials kept the option of further rate hikes on the table. This placed additional pressure on fixed income markets, although declining oil prices towards month-end provided some temporary relief. Overall, the interest-rate environment remained highly uncertain, with alternating phases of bear flattening and bull steepening across the yield curve. As the month progressed, the divergence between the US and Europe became more pronounced. While the US economy remained relatively stable, weaker Purchasing Managers' Indices (PMIs) in Europe increasingly pointed to slowing growth, accompanied by growing stagflation concerns. Toward the end of the month, market conditions improved somewhat. Renewed hopes for a rapprochement between the US and Iran led to lower oil prices, easing inflation expectations and reducing upward pressure on yields. Overall, May was characterized by the absence of clear market trends. Instead, markets experienced a constant shift between risk aversion and risk appetite, with oil prices and inflation signals serving as the primary drivers of sentiment.

Portfolio review

At the end of May, the fund's assets stood at around CHF 129 million. Overall, we remained more heavily invested in corporate bonds than the benchmark. In our view, we sold some expensive bonds and selectively added positions from primary and secondary markets. We maintain a slight underweight to neutral levels in bonds with maturities of over 15 years, as we consider their risk/return profile unattractive. As of the end of May, the fund's cash position was 1.62% (previous month: 3.64%). The breakdown by rating category was as follows: AAA 14.62% (16.95%), AA 17.61 (23.31%), A 38.28% (29.29%), BBB 26.64% (25.97%), and BB 1.23% (0.84%). The average rating of the bonds held in the fund was a solid A and that of the benchmark is AA-.

Performance analysis

The fund (I share class) generated a positive total return in May and outperformed the benchmark. Interest rate exposure did not make a significant contribution to relative performance during the period. Positioning within the credit segment contributed positively to carry returns. Active management in both the primary and secondary markets also added value. Despite the challenging market environment, attractive relative-value opportunities continued to emerge in the secondary market and were successfully exploited. These positioning decisions were reflected in a positive contribution from credit selection to relative performance.

Outlook

Global economic growth is showing early signs of acceleration, particularly in the manufacturing sector. This development is being supported by growth-friendly economic policies in many countries, including the US, as well as the continued tailwind from the ongoing AI boom. While the Gulf War is likely to weigh on economic activity, we believe its overall negative impact should remain manageable. At the same time, inflationary pressures have increased again as a result of the conflict and significantly higher oil prices. Initial spillover effects into other areas of the economy are becoming visible. Nevertheless, we view the risk of a second broad-based inflation wave similar to that of 2021/22 as limited. Aside from higher energy prices and isolated supply chain disruptions, particularly around the Strait of Hormuz, underlying price pressures remain moderate. Furthermore, despite the easing measures implemented so far, monetary policy is not excessively accommodative. Global growth also remains relatively subdued, while fiscal policy is considerably less stimulative than during the previous inflation surge. Against this backdrop, the global monetary easing cycle is largely coming to an end. Several central banks have already resumed raising interest rates or have signaled the possibility of further tightening. The primary driver of this policy shift is the inflationary impact of the Gulf War, while labor markets have generally stabilized, reducing the need for additional monetary support. Under the leadership of the new chair, Kevin Warsh, the Fed is expected to adopt a wait-and-see approach initially. Overall, however, we anticipate only a limited global tightening cycle, as the current rise in inflation is driven predominantly by supply-side factors, and growth prospects, despite showing some improvement, remain moderate.

Fund characteristics

Fund name	Vontobel Fund – Swiss Franc Bond Foreign
ISIN	LU0278084768
Share class	I CHF
Benchmark	SBI® Foreign Rating AAA Total Return to 5.5.2025, SBI® Foreign Rating AAA-BBB Total Return thereafter
Inception date	12.6.2008

Historical performance (net returns, in %)

Time period	Fund	Benchmark
MTD	0.1%	0.1%
YTD	0.3%	0.2%
1 year	0.0%	-0.2%
3 yrs p.a.	2.7%	2.6%
5 yrs p.a.	-0.1%	-0.2%
10 yrs p.a.	-0.1%	-0.1%
ITD p.a.	1.7%	1.7%

Time period	Fund	Benchmark
2025	0.7%	0.4%
2024	4.7%	4.4%
2023	5.1%	4.6%
2022	-9.7%	-9.3%
2021	-1.3%	-1.4%
2020	0.0%	0.4%
2019	2.3%	1.6%
2018	-1.2%	0.1%
2017	-0.2%	-0.2%
2016	1.4%	0.5%

Past performance is not a reliable indicator of current or future performance.
Performance data does not take into account any commissions and costs charged when shares of the fund are issued and redeemed, if applicable. The return of the fund may go down as well as up, e.g. due to changes in rates of exchange between currencies. The value of the money invested in the fund can increase or decrease and there is no guarantee that all or part of your invested capital can be redeemed.

Investment risks

- Asset-backed and mortgage-backed securities, and their underlying receivables are often intransparent. The sub-fund may also be subject to a higher credit and/or prepayment risk.
- The sub-fund's investments may be subject to sustainability risks. The sustainability risks that the sub-fund may be subject to are likely to have an immaterial impact on the value of the sub-fund's investments in the medium to long term due to the mitigating nature of the sub-fund's ESG approach. The sub-fund's performance may be positively or negatively affected by its sustainability strategy. The ability to meet social or environmental objectives might be affected by incomplete or inaccurate data from third-party providers. Information on how environmental and social objectives are achieved and how sustainability risks are managed in this sub-fund may be obtained from vontobel.com/sfdr.

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