

Monthly commentary / 27.2.2026

Vontobel Fund – Global High Yield Bond

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

Market developments

Markets experienced a mixed February overall, supported by resilient economic data that helped offset a noisy headline backdrop. Risk assets performed well outside the US, with Europe's STOXX 600 extending its rally to an 8th consecutive monthly gain (the longest streak since 2013), Japan's Nikkei reaching a new record, and emerging-market (EM) equities also advancing. In contrast, US equities lagged, as the S&P 500 Index fell -0.8% in total return terms, dragged down by tech (particularly software) amid renewed concerns about AI-related disruption and valuation fatigue. The sell-off in US tech was one of the defining themes of the month. The software segment of the S&P 500 fell -8.9% and moved into deep correction territory year-to-date, while the so-called "Magnificent 7" dropped -7.3% in its worst month since last March. Beyond the steady flow of new AI tools, sentiment was also hit by a widely circulated research note outlining a hypothetical scenario where AI adoption drives US unemployment into double digits by 2028. Late in the month, Nvidia's earnings failed to deliver the magnitude of upside surprise that markets had become accustomed to in recent years, adding to the pressure in high-momentum tech. Trade policy was another major headline. The US Supreme Court ruled that the broad IEEPA tariffs imposed last year were unconstitutional, effectively removing around half of the previous tariff regime. President Donald Trump responded by announcing a 10% global tariff under Section 122 of the Trade Act (for 150 days from February 24), while also floating an increase to 15% (not implemented yet). In response, the EU paused ratification of the US trade deal agreed to last year, and the White House warned that countries "playing games" could face significantly higher tariffs. Away from US tariffs, speculation over potential strikes on Iran intensified after Trump warned that Iran had "probably 10 days" to strike a deal, pushing Brent to a 7-month high. On the last day of the month, February 28, the US and Israel started strikes on Iran, raising the risk of higher oil prices and market volatility at the start of March. Despite these risks, macro data remained broadly supportive, particularly in the US. Payrolls rebounded in the January jobs report, ISM manufacturing came in at its strongest level since 2022, and risk assets held up relatively well. At the same time, higher-than-expected PCE inflation led markets to calm down short-term easing expectations, with the probability of a rate cut by the US Federal Reserve (Fed) by June falling from 87% to 64%. Japan also stood out positively, as PM Sanae Takaichi's

snap-election victory supported equities while 10-year JGB yields fell for the first time in eight months.

Regional Markets

In fixed income and credit markets, spreads widened in February as rates rallied and risk premia repriced after January's modest tightening. US high-yield (HY) bonds closed the month with their 10th consecutive month of gains for a total return of +0.10% (in USD). This was driven by the strength of the highest-rated segment, Double Bs, which generated their best monthly gain since November and advanced for the 11th straight month. However, Triple Cs registered their biggest monthly decline since November as the lower quality end of the market wrestled with the aforementioned themes of AI disruption, tariff uncertainties, and intensifying geopolitical risks. The US HY bond index finished the month with a yield of 6.84%, an increase of +24 basis points (bps) from the prior month. Overall credit spreads widened by +24bps to finish the month at an OAS of 312bps. In terms of spread changes by ratings bucket, Double Bs widened by +17bps, followed by Single Bs (+31bps) and Triple Cs (+78bps). The primary market remained active with roughly USD 30 billion, primarily in mid-to-high quality (~60% BBs, 30% Bs). The European HY market returned +0.3% for the month, outperforming the US HY market. The monthly performance was driven by overall spread widening of +10bps to end the month at 274bps. In terms of spread changes by ratings bucket, Double Bs widened by +8bps followed by Single Bs (+11bps) and Triple Cs (+36bps). Sterling HY returned 0.6% (in GBP) for the month and OAS spreads widened by +28bps to 437bps. EM HY generated a positive total return for the month of February of +0.7% (in USD) while OAS spreads widened by +18bps to 312bps.

Portfolio review

Trading in the portfolio focused mainly on de-risking of certain positions in AT1s and selling longer duration positions within EM. We also took profit in a few situations and added to others based on what we deemed to be temporary weakness. We participated in a few new issues in EM and one name in US energy. Our balanced regional approach, which remains disciplined from a risk perspective given historically tight spreads, is helping performance of the fund given current market valuations and technicals.

Performance analysis

For the month of February, the fund generated a positive total return of +0.5% (in EUR) and outperformed the benchmark after fees. The monthly performance was positively impacted by various bonds within EM, EU chemicals, and US energy. Fund performance was partially offset by a distressed position within EM and a more levered issuer within EU food and beverage that sold off with the market rather than credit specific issues. Further to last month's comment, credit hedge positions benefitted fund performance and remain in place given concerns of wider credit spreads in the current environment.

Outlook

While February was another positive month for global HY, credit spreads did begin to widen and are likely to remain volatile for the time being. As we continue to carefully evaluate

new and existing investments, we acknowledge heightened concerns related to AI disruption and geopolitics centered around Iran. Artificial intelligence is evolving at a rapid pace and will take many twists and turns over time. Geopolitical risks are clearly higher now and the overall impact to global economies will depend on the length and degree of the disruption overall. We remain constructive in global HY as technicals remain healthy given the higher quality issuer mix and overall interest rate environment. The fund enjoys an attractive carry component and has a larger mix of higher quality positions when compared to its benchmark. The fund is currently well balanced between the various regions of Europe (including hybrid/AT1s), US, and EM. We stand ready to adjust this mix as macro dynamics shift and idiosyncratic opportunities emerge.

Fund characteristics

Fund name	Vontobel Fund – Global High Yield Bond
ISIN	LU0571066975
Share class	I EUR
Reference index	Customized ICE BofAML High Yield Index (EUR hedged)
Inception date	11.6.2012

Historical performance (net returns, in %)

Time period	Fund	Ref. index	Time period	Fund	Ref. index
MTD	0.5%	0.1%	2025	4.3%	5.8%
YTD	1.6%	0.6%	2024	6.8%	7.2%
1 year	4.2%	4.7%	2023	10.5%	11.4%
3 yrs p.a.	7.1%	7.4%	2022	-12.4%	-12.7%
5 yrs p.a.	2.5%	2.7%	2021	4.9%	3.6%
10 yrs p.a.	3.6%	4.2%	2020	2.2%	3.2%
ITD p.a.	3.8%	4.4%	2019	10.2%	11.1%
			2018	-6.1%	-4.3%
			2017	5.0%	5.5%
			2016	8.2%	12.3%

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.

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- Securities with a lower credit quality means a higher risk that an issuer may fail to meet its obligations. The investment value may fall if an issuer's credit rating is downgraded.
- CoCo-Bonds may entail significant risks such as coupon cancellation risk, capital structure inversion risk, call extension risk.
- Using derivatives generally creates leverage and entails valuation risks and operational risks. Leverage magnifies gains but also losses. Over-the-counter derivatives involve corresponding counterparty 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.
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