

Monthly commentary / 31.3.2026

Vontobel Fund – Global Active Bond

Marketing document for institutional investors in: AT, CH, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, 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

Markets suffered a sharp setback in March as the Iran conflict moved from a late-February risk event into a sustained macroeconomic shock. Oil markets repriced violently, with Brent jumping +7.3% on March 2 in its biggest daily move since March 2022, before continuing to grind higher throughout the month. By month-end, Brent closed at USD 118 per barrel, as investors increasingly priced a protracted conflict rather than a short, contained escalation. This oil shock triggered a stagflationary narrative and drove a broad risk-off move across assets. The S&P 500 Index fell -5.0% in March (its worst month in a year), while Europe's STOXX 600 dropped -7.5%, its largest monthly decline since mid-2022.

The cross-asset selloff was amplified by a sharp repricing of inflation expectations and central bank paths. In the US, the 1-year inflation swap surged +69 basis points (bps) over the month to 3.20%, and markets almost fully withdrew the prospect of US Federal Reserve easing in 2026. The repricing was equally dramatic in Europe, where investors switched from pricing modest cuts to pricing meaningful hikes by year-end. Unsurprisingly, sovereign yields rose aggressively: the 10-year Treasury yield jumped +38bps in March to 4.32%, its biggest monthly rise since December 2024. In the Eurozone, 10-year Bund yields rose above 3.0% for the first time since 2011, reflecting both inflation fears and a renewed term premium.

Equity performance reflected a classic risk-off rotation, with the most duration-sensitive and high-multiple areas hit hardest. Artificial intelligence and software-related names remained under pressure as markets continued to question the sustainability of tech valuations in a world of rising yields and increasing macro uncertainty. Even traditional safe havens were not immune: gold, which had been resilient earlier in the quarter, suffered a sharp -11.6% decline in March, its worst monthly performance since October 2008, as higher real rates and broad deleveraging overwhelmed the usual hedge demand.

In fixed income and credit markets, spreads widened in March as investors repriced both inflation risk and recession tail risks. Global investment grade (IG) widened by +7bps, with EUR IG underperforming at +13bps versus USD IG at +4bps. The widening was concentrated in lower-quality IG: EUR

BBBs widened +16bps (vs +5bps for EUR AAA), while USD BBBs widened +5bps. In this context, subordinated debt underperformed, with European bank CoCos widening +44bps, while corporate hybrids widened less, by +11bps.

Portfolio review

The portfolio continues to be highly barbelled with a higher-than-average allocation to cash and short-dated risk instruments. We have continued to de-risk the portfolio over the month, and our hedging strategy remains consistent with a focus on optimizing efficiency in our credit options book. Our conviction remains that there will be further volatility in the coming month and dispersion will increase. As such we have a tendency to reduce the aggregate level of risk in tightening markets and to add risk as markets sell off. We believe technicals within fixed income markets are strong, and that it is likely that our micro-arbitrage positions (where we select securities that trade wide of the remainder of the issuer complex) will continue to drive our turnover. Our primary risk allocations continue to be into European financials and the CDS Index given the steeper roll-down profile versus cash but even within those broad universes, we tend to see a higher degree of dispersion in our portfolio allocations. This means that the aggregate level of risk at a sub-asset class level as well as at a fund level is best described as cautious.

Performance analysis

The Vontobel Fund – Global Active I was down -2.30% in February, underperforming its benchmark by -0.33%, driven by selection in credit.

Outlook

While all-in yields are still the dominating driver for fixed income technicals, one of our core convictions is that dispersion will go higher given the overall rather tight valuations and market complacency. The fund seeks to extract value from these appearing pockets of volatility while not attempted to time the drawdowns. Trading the ebbs and flows of the market both at an aggregate risk level and in terms of our sub-asset class allocations feels to us like the best return-for-risk approach for these markets.

Fund characteristics

Fund name	Vontobel Fund – Global Active Bond
ISIN	LU1112751067
Share class	I EUR
Reference index	Bloomberg Global Aggregate Index (EUR Hedged)
Inception date	3.10.2014

Historical performance (net returns, in %)

Time period	Fund	Ref. index	Time period	Fund	Ref. index
MTD	-2.3%	-2.0%	2025	5.7%	2.7%
YTD	-0.7%	-0.6%	2024	6.6%	1.7%
1 year	3.6%	1.2%	2023	7.0%	4.7%
3 yrs p.a.	6.1%	2.1%	2022	-22.2%	-13.3%
5 yrs p.a.	-1.1%	-1.1%	2021	-1.2%	-2.2%
10 yrs p.a.	0.5%	0.0%	2020	4.0%	4.2%
ITD p.a.	1.1%	0.5%	2019	8.1%	5.1%
			2018	0.7%	-1.0%
			2017	0.5%	1.1%
			2016	1.5%	2.4%

Past performance is not a reliable indicator of current or future performance.

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