

Quarterly commentary / 31.12.2025

Vontobel Fund – Euro Short Term Bond

Marketing document for institutional investors in: AT, CH, DE, ES, FR, GB, IT, LI, LU, NL, PT, 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

The final quarter of 2025 kicked off with the US government shutdown that ultimately stretched into November, lasting 43 days and making it the longest such disruption in the country's history. The impasse saw agencies shuttered and federal workers furloughed and disrupted the publication and quality of key macroeconomic data releases. Several reports were delayed, partially produced, or released with caveats, making it harder for markets and policymakers to assess real-time economic conditions. The Congressional Budget Office estimated at the time that a six-week shutdown could lower the annualized quarterly growth rate of real gross domestic product in the fourth quarter by 1.5 percentage points, though it expected part of that loss to rebound in the first quarter of 2026.

To be sure, the lack of official data didn't deter the US Federal Reserve (Fed) from cutting interest rates in late October. After heavily telegraphing easing monetary policy, it followed through and delivered its second consecutive 25-basis-point (bps) rate cut. The decision came amid signs of a weakening labor market as payroll processor ADP said companies were cutting more than 11,000 jobs per week through late October, while inflation remained above the Fed's 2% target. Markets initially welcomed the cut as a way to support employment, but the combination of ongoing concern about the labor market and stubborn inflation left investors divided over how much easing the Fed might still deliver through year-end. That same debate took place among Fed members, as the October meeting minutes revealed.

Credit markets also got jittery. US regional banks briefly spooked markets after Zions Bancorp and Western Alliance Bancorp disclosed bad loans tied to funds that invest in distressed commercial mortgages. Coupled with the earlier bankruptcies of sub-prime lender Tricolor Holdings and auto supplier First Brands Group, the industry-wide banking index declined amid worries that there might be more hidden credit troubles. That was exacerbated by JPMorgan Chief Executive Officer Jamie Dimon's "cockroach" comment, referring to the idea that if one problem is found, there are likely more that are just not visible yet. Some investors interpreted that as a warning of potentially broader problems in the private credit sector. On the trade front, the US and China agreed to a one-year truce that included the US cutting the very prohibitive tariff

rates and China resuming soybean purchases, among others. Switzerland managed to reach a preliminary trade deal with the US to lower tariffs on Swiss goods to 15% from 39%, which was the highest levy the Trump administration had imposed on a developed country. In return, Switzerland is set to invest in pharma and gold smelting in the US, as well as cut tariffs on certain agricultural products, among other things. By December, investors were mainly waiting for the Fed's last meeting of the year, after market expectations for another 25bps rate cut made a U-turn, falling from near certainty to just about 30% before climbing back to near certainty again over the course of a month. Indeed, the Fed voted to proceed with a third consecutive rate cut, despite having previously signaled in October that a December move was not guaranteed amid differing views on inflation and labor-market risks. Three members dissented, pointing to differing opinions among policymakers and clouding expectations for the rate path in 2026. The Fed has signaled one more reduction in 2026.

The bond market traded through a data blackout caused by the US government shutdown, leaving investors reliant on sentiment, comments from Fed officials, and market pricing rather than hard indicators. Credit markets offered solid carry but little spread cushion, keeping selectivity crucial. The AI investment boom met the bond market, too, as AI infrastructure is increasingly funded with long-dated debt as opposed to retained earnings or equity. For credit investors, this means a surge in long-dated, AI-labelled supply from top-tier Big Tech issuers. At the front end, the bonds still look like high-quality carry. Further out the curve, the question is whether cash flows will be strong enough to justify locking in Big Tech risk for 30-40 years at tight spreads. This essentially means that bond investors are facing the same questions as equity investors regarding how durable the AI spending boom might be. The US yield curve experienced a mid-curve twist, as yields on 2-year Treasuries fell by 13bps while 30-year Treasury yields rose by 11bps. This movement resulted in a steeper US Treasury curve, with a 24bps increase in the spread. By contrast, the Japanese and German yield curves experienced upward shifts across all maturities. Yields on 2-year to 30-year Japanese Government Bonds (JGBs) increased by 5bps to 50bps, while German Bund yields rose by 10bps to 23bps across the same maturity range.

For institutional investors only/not for public viewing or distribution

Portfolio review

During the fourth quarter, we increased the fund's overall duration by adding to our EUR exposure, while maintaining our slight overweight position in US dollar exposure. This decision was driven by our conviction that markets were prematurely pricing in a rate hike as the European Central Bank's (ECB) next move.

Performance analysis

In absolute terms, the Vontobel Fund – Euro Short Term Bond gained 0.39% during the fourth quarter of 2025, underperforming its benchmark by 8bps.

Outlook

We remain constructive on global growth amid the prospect of accommodative monetary policy and pro-growth measures. We don't anticipate a repeat of the kind of surge in inflation

seen in 2021-2022. Because 2026 is also a midterm election year, US President Donald Trump is likely to have an incentive to minimize uncertainty, signs of which are already visible in his rollback of food tariffs, his more conciliatory tone toward trading partners like China and Switzerland, and his rare acknowledgment of declining approval ratings.

Looking ahead, we believe monetary policy becomes more supportive in the US and the impact of past rate cuts is still trickling through to the real economy. In the US, in particular, additional cuts are priced in for the foreseeable future. Fiscal stimulus also appears to be on the horizon. Alongside the "Big, Beautiful Bill" in the US, we see the potential for further stimulus measures in Europe and China.

Fund characteristics

Fund name	Vontobel Fund – Euro Short Term Bond
ISIN	LU0278091037
Share class	I EUR
Reference index	Bloomberg Euro Aggregate 1-3 Year
Inception date	7.1.2009

Historical performance (net returns, in %)

Time period	Fund	Ref. index	Time period	Fund	Ref. index
MTD	0.0%	0.1%	2024	3.5%	3.7%
YTD	2.4%	2.6%	2023	4.7%	4.0%
1 year	2.4%	2.6%	2022	-4.3%	-5.0%
3 yrs p.a.	3.5%	3.4%	2021	0.5%	-0.5%
5 yrs p.a.	1.3%	0.9%	2020	0.8%	0.2%
10 yrs p.a.	–	–	2019	2.0%	0.4%
ITD p.a.	1.0%	0.6%	2018	-0.7%	-0.2%
			2017	–	–
			2016	–	–
			2015	–	–

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.

Since fund inception until 30.6.2017, the fund had different characteristics and performance was achieved under circumstances that no longer apply.

Investment risks

- 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.
- 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.

Important legal information

This marketing document was produced by one or more companies of the Vontobel Group (collectively “Vontobel”) for institutional clients, for distribution in AT, CH, DE, ES, FR, GB, IT, LI, LU, NL, PT, SG (Professional Investors only).

This document is for information purposes only and does not constitute an offer, solicitation or recommendation to buy or sell shares of the fund/fund units or any investment instruments, to effect any transactions or to conclude any legal act of any kind whatsoever. Subscriptions of shares of the fund should in any event be made solely on the basis of the fund’s current sales prospectus (the “Sales Prospectus”), the Key (Investor) Information Document (“K(I)ID”), its articles of incorporation and the most recent annual and semi-annual report of the fund and after seeking the advice of an independent finance, legal, accounting and tax specialist. This document is directed only at recipients who are institutional clients, such as eligible counterparties or professional clients as defined by the Markets in Financial Instruments Directive 2014/65/EC (“MiFID”) or similar regulations in other jurisdictions, or as qualified investors as defined by Switzerland’s Collective Investment Schemes Act (“CISA”).

Neither the fund, nor the Management Company nor the Investment Manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of an assessment of ESG research and the correct execution of the ESG strategy. As investors may have different views regarding what constitutes sustainable investing or a sustainable investment, the fund may invest in issuers that do not reflect the beliefs and values of any specific investor.

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.

Interested parties may obtain the above-mentioned documents free of charge from the authorized distribution agencies and from the offices of the fund at 49 Avenue J.F. Kennedy, L-1855 **Luxembourg**, the facilities agent in **Austria**: Erste Bank der oesterreichischen Sparkassen AG, Am Belvedere 1, A-1100 Vienna, 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 European facilities agent for **Germany**: PwC Tax and Advisory, Société coopérative - GFD, 2, rue Gerhard Mercator, L-2182 Luxembourg, Email: lu_pwc.gfd.facsvs@pwc.com, gfdplatform.pwc.lu/facilities-agent/, the information agent in **Liechtenstein**: LLB Fund Services AG, Aulestrasse 80, FL-9490 Vaduz. Refer for more information on the fund to the latest prospectus, annual and semi-annual reports as well as the key (investor) information documents (“K(I)ID”). These documents may also be downloaded from our website at vontobel.com/am. A summary of investor rights (including information on representative actions for the protection of

the collective interests of consumers under EU Directive 2020/1828) is available in English under: vontobel.com/vamsa-investor-information. Vontobel may decide to terminate the arrangements made for the purpose of marketing its collective investment schemes in accordance with Article 93a of Directive 2009/65/EC. The KID is available in French. The fund is authorized to the commercialization in **France**. Refer for more information on the funds to the KID. **Italy**: Refer for more information regarding subscriptions in Italy to the Modulo di Sottoscrizione. For any further information: Vontobel Asset Management S.A., Milan Branch, Piazza degli Affari 2, 20123 Milano, telefono: 0263673444, e-mail: clientrelation.it@vontobel.com. **Netherlands**: The Fund and its sub-funds are included in the register of Netherland’s Authority for the Financial Markets as mentioned in article 1:107 of the Financial Markets Supervision Act (“Wet op het financiële toezicht”). Please note that certain sub-funds are exclusively available to qualified investors in Andorra or **Portugal**. In **Spain**, funds authorized for distribution are recorded in the register of foreign collective investment companies maintained by the Spanish CNMV (under number 280). The KID can be obtained in Spanish from Vontobel Asset Management S.A., Sucursal en España, Paseo de la Castellana, 91, Planta 5, 28046 Madrid. The fund and its sub-funds are not available to retail investors in **Singapore**. Selected sub-funds of the fund are currently recognized as restricted schemes by the Monetary Authority of Singapore. These sub-funds may only be offered to certain prescribed persons on certain conditions as provided in the “Securities and Futures Act”, Chapter 289 of Singapore. This document was approved by Vontobel Pte. Ltd., which is licensed with the Monetary Authority of Singapore as a Capital Markets Services Licensee and Exempt Financial Adviser and has its registered office at 8 Marina Boulevard, Marina Bay Financial Centre (Tower 1), Level 04-03, Singapore 018981. This advertisement has not been reviewed by the Monetary Authority of Singapore. The fund is not authorized by the Securities and Futures Commission in **Hong Kong**. It may only be offered to those investors qualifying as professional investors under the Securities and Futures Ordinance. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution and if you are in doubt about any of the contents of this document, you should obtain independent professional advice. This document was approved by Vontobel (Hong Kong) Ltd., which is licensed by the Securities and Futures Commission of Hong Kong and provides services only to professional investors as defined under the Securities and Futures Ordinance (Cap. 571) of Hong Kong and has its registered office at 1901 Gloucester Tower, The Landmark 15 Queen’s Road Central, Hong Kong. This advertisement has not been reviewed by the Securities and Futures Commission. The fund authorized for distribution in the **United Kingdom** and entered into the UK’s temporary marketing permissions regime can be viewed in the FCA register under the Scheme Reference Number 466625. The fund is authorized as a UCITS scheme (or is a sub fund of a UCITS scheme) in a European Economic Area (EEA) country, and the scheme is expected to remain authorized as a UCITS while it is in the temporary marketing permissions regime. This information was approved by Vontobel Asset Management S.A., London Branch, which has its registered office at 3rd Floor, 70 Conduit

Street, London W1S 2GF and is authorized by the Commission de Surveillance du Secteur Financier (CSSF) and subject to limited regulation by the Financial Conduct Authority (FCA). Details about the extent of regulation by the FCA are available from Vontobel Asset Management S.A., London Branch, on request. The KIID can be obtained in English from Vontobel Asset Management S.A., London Branch, 3rd Floor, 70 Conduit Street, London W1S 2GF or downloaded from our website vontobel.com/am. This document is not the result of a financial analysis and therefore the “Directives on the Independence of Financial Research” of the Swiss Bankers Association are not applicable. 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 executed transactions for clients in these instruments or may provide or have provided corporate finance or other services to relevant companies. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor. Any product based on an index is in no way sponsored, endorsed, sold or promoted by the applicable licensor and it shall not have any liability with respect thereto. Refer to am.vontobel.com/terms-of-licenses for more details.

Vontobel Asset Management AG
Gotthardstrasse 43, 8022 Zürich
Switzerland
T +41 58 283 71 11
info@vontobel.com | vontobel.com/am

Although 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 document. Except as permitted under applicable copyright laws, none of this information may be reproduced, adapted, uploaded to a third party, linked to, framed, performed in public, distributed or transmitted in any form by any process without the specific written consent of Vontobel. To the maximum extent permitted by law, Vontobel will not be liable in any way for any loss or damage suffered by you through use or access to this information, or Vontobel's failure to provide this information. Our liability for negligence, breach of contract or contravention of any law as a result of our failure to provide this information or any part of it, or for any problems with this information, which cannot be lawfully excluded, is limited, at our option and to the maximum extent permitted by law, to resupplying this information or any part of it to you, or to paying for the resupply of this information or any part of it to you. Neither this document nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law. Persons who receive this document should make themselves aware of and adhere to any such restrictions. In particular, this document must not be distributed or handed over to US persons and must not be distributed in the USA.