Vontobel

Monthly commentary / 27.2.2026

Vontobel Fund – Global Corporate Bond

Marketing document for institutional investors in: AT, CH, DE, ES, FI, FR, GB, IT, 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 were mixed in 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 fell -0.8% in total return terms, dragged down by technology (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 their worst month since March 2025. 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. US 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.

Elsewhere, 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 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, macroeconomic 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 tone down short-term easing expectations, with the probability of an interest-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.

In fixed income and credit markets, spreads widened in February as rates rallied and risk premia repriced after January's strong tightening. Global investment grade (IG) widened by +9 basis points (bps), with EUR IG +8bps and USD IG +10bps, reflecting a broad risk reset across sectors. In higher beta, Euro BBs were slightly wider (+5bps overall). Subordinated and financial credit underperformed, with European AT1s ending the month wider (+14bps).

Portfolio review

The primary market was very strong in February, with issuance remaining at a high level. We selectively participated in new deals in EUR, USD, and GBP. Our activity included transactions in the US technology and pharmaceutical sectors, where we started two new positions. We also initiated a position in a UK retail company that issues infrequently. We took part in deals from US energy and utility companies to build exposure in those sectors. We used the new issue market to add subordinated debt with a short call date in the European utility space. Additionally, we took part in three transactions in the banking sector, including two on a switch basis, in EUR and USD. Lastly, we used the new issue market to execute a switch in a US media name in which we shortened duration and achieved a pick-up in spread versus the bond we sold.

In the secondary market, we started a position in an EM consumer goods company (USD denominated), adding to our exposure in Latin America. We also added to existing positions in a US media company with an improving operating trend and a European utility hybrid credit. We reduced our exposure to EUR subordinated bonds in banking and energy. Lastly, we took profit on names in the consumer goods, telecommunications, capital goods, and automotive sectors.

Performance analysis

Despite the spread widening in the market in February, the fund performed in line with its reference index, net of fees. The contribution from credit selection was negative for the month. Our bond selection in energy, real estate, and capital

goods contributed the most to the positive performance, offset by a negative contribution from banking, telecommunications, and healthcare. Within energy, our bond-picking in the midstream and refining sub-sectors contributed to the positive selection. In real estate, our selection of European bonds contributed to the positive selection.
The contribution from sector allocation was positive. The positive contribution from sectors such as technology (UW), consumer goods (UW), and utility (UW) was partially offset by a negative contribution from sectors including ttelecommunications (OW), retail (UW), and banking (OW).
In terms of regional exposure, North America and EM contributed positively. The performance in Europe was negative, while APAC (ex-EM) was broadly flat.

Outlook
Global PMIs are still pointing to expansion, while inflation across developed markets has generally surprised on the downside, helping to stabilize the broader policy backdrop. The key swing factor remains the US labor market: any renewed weakness would likely translate quickly into higher rates volatility and a repricing of the Fed path. The Fed's task is also becoming more difficult, as it faces a trade-off between supporting growth/employment and preventing a renewed inflation impulse, especially with tariffs/reshoring dynamics, supply constraints, and geopolitical shocks still capable of suddenly pushing prices higher. The latest escalation in the Middle East adds another layer of uncertainty: the US/Israel strikes on Iran introduced tail risks around energy supply. An escalation of the conflict leading to a disruption to oil infrastructure would be a clear macro negative, but if the conflict remains swift and contained, the market impact could prove limited, and the risk-off reaction would again be a "buy-the-dip" opportunity. In the background, US tariff uncertainty and the ongoing AI investment cycle remain key risk factors.
The early Q4 2025 earnings season has been reassuring. Balance sheets remain healthy, liquidity buffers are comfortable, and management teams continue to show discipline on leverage and shareholder returns. US banks have printed solid results and capital ratios remain strong, while cyclicals have generally maintained guidance (and in some cases upgraded it). In our view, the good earnings mean that aggregate credit metrics are likely to remain stable or improve. The main medium-term pressure point remains the scale of investment tied to AI. We do not view AI as a bubble, given the strong profitability and cash-flow generation of the large players, but heavy capex and associated financing needs could gradually weigh on credit quality. Sustained large issuance from top-quality technology issuers could, over time, push leverage higher and increase the risk of specific rating downgrades.
On the technical front, issuance over the coming months could challenge records, driven by two engines: (i) AI-related capex needs from hyperscalers and their ecosystems, and (ii) a more active M&A pipeline as confidence improves. Importantly, demand remains deep: investors are still seeking attractive all-in yields and have consistently used spread widening as an entry point. The persistence of this "buy-the-dip" behavior suggests technical dislocations are likely to be absorbed relatively quickly, mitigating any potential macro shock.
While spreads remain tight, some pockets of value subsist. In this context, we prefer an active approach: building a solid carry where fundamentals are strongest, and rotating across sectors and ratings when dispersion increases, and exploiting cross-currency relative value (including Yankees/Reverse Yankees). Overall, the setup remains constructive for carry-led strategies, with tactical flexibility to add on volatility episodes, particularly if geopolitical-driven widening proves temporary rather than structural.

Fund characteristics

Fund name	Vontobel Fund – Global Corporate Bond
ISIN	LU1395537134
Share class	I USD
Reference index	ICE BofAML Global Corporate Index (USD hedged)
Inception date	9.5.2016

Historical performance (net returns, in %)

Time period	Fund	Ref. index
MTD	1.1%	1.1%
YTD	1.6%	1.6%
1 year	6.7%	6.3%
3 yrs p.a.	6.7%	6.8%
5 yrs p.a.	1.2%	1.5%
10 yrs p.a.	–	–
ITD p.a.	3.4%	3.2%

Time period	Fund	Ref. index
2025	7.4%	6.9%
2024	3.7%	4.0%
2023	8.8%	9.0%
2022	-15.0%	-14.0%
2021	-0.6%	-0.8%
2020	9.3%	8.2%
2019	13.6%	12.5%
2018	-1.7%	-0.9%
2017	7.6%	5.7%
2016	–	–

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

- 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.
- 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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