

Monthly commentary / 31.3.2026

## Vontobel Fund – Emerging Markets Equity

**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.**

### Summary

- The performance of the fund was negative in March 2026 but outperformed the MSCI Emerging Markets ND.
- The Information Technology and Industrials sectors were positive contributors to relative performance over the month. The Financials and Energy sectors were the largest detractors from relative performance.
- On a country basis, Taiwan and China contributed to relative performance, while the Saudi Arabia and Georgia detracted from relative performance.
- Relative to the benchmark, the Fund's largest sector overweights for the month were Consumer Staples and Industrials while the largest sector underweights were Materials and Energy.
- The fund's largest country overweights relative to the benchmark were the Hong Kong and South Africa while largest underweights were the China and Taiwan at the end of month.

### Market developments

Global equities declined in March as concerns about the impact of the war in Iran and disruptions to oil supply weighed heavily on the macroeconomic outlook. All major regional benchmarks pulled back, with emerging markets and Europe being the worst performers. Oil prices and stocks fluctuated in response to news around the escalating conflict. Reports of discussions regarding a potential peace deal, and Iranian proposals to allow non-hostile vessels through the Strait of Hormuz, assuaged some market concerns. However, the possibility of a prolonged conflict weighed on investor confidence. Inflation expectations spiked in Europe, prompting European Central Bank (ECB) President Christine Lagarde to signal that the ECB was prepared to raise interest rates "at any meeting." She also cautioned that markets could underestimate the economic impact of the Iran war. Consumer confidence in the EU and UK contracted. The geopolitical conflict also triggered a risk-off sentiment in emerging markets. While energy supply risks are significant across the board, the degree of vulnerability to higher oil prices varies among emerging markets. For example, China, Korea, and Taiwan should be better positioned to avoid shortages, supported by high inventory levels, fiscal buffers, and multiple sourcing channels. On the other hand, India appears more vulnerable due to a deteriorating macroeconomic backdrop caused by the oil price shock and currency weakness.

### Portfolio review

#### Purchases

Delta Electronics Inc

Delta Electronics is a global leader in power and thermal management solutions, with its core business centered on designing and manufacturing power supplies and components across a wide range of industries. The company operates

through four main segments: Power Supply and Components (covering embedded power, automotive electronics, mobile power, and thermal management), Automation (industrial and building automation), Infrastructure (data center, energy, and industrial solutions), and mobility. Power Electronics is the largest revenue contributor at around 53% of total sales, while AI-related revenue — estimated at roughly 11% of total revenue in 2024 — is a rapidly growing area projected to reach 20% by 2025. The company operates approximately 200 facilities worldwide and is a major supplier of power components to both Apple and Tesla. We bought Delt Electronics to increase exposure to data centers.

#### Singapore Technologies Engineering Ltd

Singapore Tech Engineering (STE) is a play on increasing defense budget particularly from Middle East countries. Singapore Technologies Engineering is a conglomerate with three main lines of business: 1. Commercial Aerospace – 40% of revenues. STE provides maintenance, repair, overhaul for commercial aircrafts (MRO) in addition to passenger to freight conversions. MRO is regulated business, with high entry barriers, due to high standards for quality certification set by the Original Equipment Manufacturers (ex: Boeing, Airbus, GE Aerospace etc.) Commercial aircrafts are required to undergo regular maintenance over their lifetime which provides high degree of predictability to the business. 2. Defense – 40% of revenues. The business model is based on long-term contracts with governments around the world. STE is involved in armored & tactical vehicles, naval and maritime defense, air defense and cyber security. Given the increased geopolitical risk, we expect STE to benefit from increased global military expenditure. 3. Smart City & Digital Solutions. STE is global leader in urban mobility systems and smart surveillance technology. STE benefits from its proximity to the Singaporean

government in developing leading edge urban solutions. We rate STE as a Defensive stock given the high predictable nature of the business and the moderate growth rate of mid to high single digit.

Techtronic Industries Co Ltd

Techtronic Industries is a global power tools company based in Hong Kong operating in an oligopolistic industry with several key brands. We think TTI possesses a key competitive advantage in its network effect with its cordless suite of tools. New product introductions, category expansion, geographic expansion and more sales of batteries should allow for high-single digit top-line growth and double-digit EPS growth. We believe TTI has been the best allocator of capital in the power tools space with ROE and ROIC in the high teens and returns on incremental capital are expected to be even higher as investments in its platform of technologies should bear fruit for years to come. We believe the company is much less exposed to the US housing market, as drivers like utilities, data centers, manufacturing, and infrastructure have grown to become bigger contributors. Under a conservative housing market scenario, the company can still compound earnings at a low-teens CAGR.

Sales

Dino Polska SA

We sold Dino given weaker than expected same store sales and increased competition which impacted margins.

#### Performance analysis

TOP3 Contributors:

Contemporary Amperex Technology Co., Ltd.

CATL outperformed as its fourth quarter results helped to ease concerns that higher lithium prices would drag its unit profitability. Instead, CATL has been able to pass through much of the cost hike while offsetting the remainder through efficiency gains.

Accton Technology Corp.

Accton was strong as the outlook for the next 12 months is solid given increasing optimism surrounding demand for server upgrades from 100G to 400G. There is also optimism on the upside from faster switches from AI servers which are new areas of demand, as well as ASIC semi-conductors which are increasingly being used by hyperscalers such as Amazon.

ASPEED Technology Inc

ASPEED Technology performed well as the outlook for general servers continued to improve, driving demand for baseboard management controllers. The company also announced a price hike to pass on higher raw material costs, which we believe should enable gross margins to remain stable.

TOP3 Detractors:

Samsung Electronics Co Ltd

Memory stocks including Samsung Electronics have been under pressure in March after six consecutive months of gains on geopolitical concern, potential demand destruction from unprecedented high prices, rising Capex spending and recent worries about the impact of Google's TurboQuant (KV cache compression algorithm) announcement could lead to a cut back in required memory spending at Hyperscaler customers. There were concerns surrounding memory pricing momentum

moving up too fast and over-earning against Hyperscaler translating into sustainability of their hardware capex spending. However, memory shortage will likely persist one to two years from surging demand thanks to AI infra build up amid abundant AI service introductions and development into agentic AI driving technology.

SK Hynix Inc

Memory stocks including SK Hynix were under pressure in March after six consecutive months of gains on geopolitical concern, potential demand destruction from unprecedented high prices, rising Capex spending and recent worries about the impact of Google's TurboQuant (KV cache compression algorithm) announcement could lead to a cut back in required memory spending at Hyperscaler customers. There were concerns surrounding memory pricing momentum moving up too fast and over-earning against Hyperscaler translating into sustainability of their hardware capex spending. However, memory shortage will likely persist one to two years from surging demand thanks to AI infra build up amid abundant AI service introductions and development into agentic AI driving technology.

Taiwan Semiconductor Manufacturing Company Ltd

Given the uncertainty of the conflict in Middle East, investors have growing concerns on potential semiconductor manufacturing disruption and gas/utility shortage. Taiwan faces the most concentrated exposure, given its 48% LNG dependency for power generation, limited storage capacity of around two weeks and high reliance on Qatari supply. Moreover, Helium remains a critical but vulnerable resource in semiconductor manufacturing for TSMC, prompting significant industry investments in recycling technologies to mitigate persistent supply chain risks. That said, Helium situation is manageable through a combination of inventory buffers, alternative sourcing and enhanced recycling. For TSMC, we believe the implication is manageable for near-term risk. There is no official signal of power supply instability that would impact fab operations.

#### Outlook

The rising concerns around inflation are straining an already weakening consumer environment. Historically, consumer-related investments that target the high-end market have demonstrated resilience in such conditions, as they are typically more insulated from economic fluctuations. There remains considerable uncertainty around the returns on the substantial levels of capital expenditure related to artificial intelligence (AI). We continue to maintain exposure to businesses experiencing strong growth in AI revenues but that are also benefitting from diversification in non-AI-related segments. We believe there are also several opportunities to invest in quality businesses that are not driven by AI, which are now available at more attractive valuations. Overall, we believe our portfolios are well-positioned to navigate the risks in today's markets. In our view, market sentiment is shifting away from favoring businesses with the fastest growth and toward those that can deliver growth with a higher degree of certainty. This shift aligns with our approach, which emphasizes quality and predictability.

**Fund characteristics**

<b>Fund name</b>	Vontobel Fund – Emerging Markets Equity
<b>ISIN</b>	LU0278093082
<b>Share class</b>	I USD
<b>Reference index</b>	MSCI Emerging Markets TR net
<b>Inception date</b>	30.3.2007

**Historical performance (net returns, in %)**

Time period	Fund	Ref. index	Time period	Fund	Ref. index
MTD	-11.5%	-13.1%	2025	28.3%	33.6%
YTD	0.6%	-0.2%	2024	-3.2%	7.5%
1 year	28.2%	29.6%	2023	2.5%	9.8%
3 yrs p.a.	8.1%	14.8%	2022	-23.3%	-20.1%
5 yrs p.a.	-2.0%	3.7%	2021	-6.0%	-2.5%
10 yrs p.a.	3.7%	7.8%	2020	16.0%	18.3%
ITD p.a.	4.4%	4.6%	2019	18.3%	18.4%
			2018	-14.2%	-14.6%
			2017	34.2%	37.3%
			2016	0.7%	11.2%

**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**

- Investments in Chinese A-Shares are subject to changes in political, economic and social conditions in China as well as changes in the policies of the PRC government, laws and regulations.
- 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](http://vontobel.com/sfdr).

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