Monthly commentary / 31.3.2026

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 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 (AI) 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.

Regional Markets
High-yield (HY) bond yields climbed in March to their highest levels since last June and investors grappled with the uncertainty surrounding the conflict in the Middle East, rising interest rates, and substantial retail investor outflows. After 10 consecutive months of positive returns, total returns for US HY turned negative at -1.2% (in USD). Sector dispersion increased as energy was the best performing sector for the third straight month but still posted a negative return of -0.2%. The weakest sectors were more cyclical and/or exposed to higher energy costs such as paper/packaging (-3.2%), real estate (-2.4%), and gaming (-2.0%).The US HY bond index ended the month with a yield of 7.44%, an increase of +60bps from the prior month. Overall credit spreads widened by +16bps to finish the month at an OAS of 328bps. In terms of spread changes by ratings bucket, Double Bs widened by +17bps, followed by Single Bs (+16bps) and Triple Cs (+42bps). The primary market issued USD 21 billion in March, supported by the most LBO volume in over four years (USD17.6 billion).The European HY market generated a negative total return of -2.7% for the month, underperforming the US HY market. The monthly performance was driven by overall spread widening of +63bps to end the month at 337bps. In terms of spread changes by ratings bucket, Double Bs widened by +47bps followed by Single Bs (+90bps) and Triple Cs (+275bps). Sterling HY returned a negative -2.5% (in GBP) for the month and OAS spreads widened by +51bps to 488bps. Emerging-market (EM) HY generated a negative total return for the month of March of -2.0% (in USD) while OAS spreads widened by +45bps to 400bps.

Portfolio review
Trading in the portfolio focused mainly on adding risk at lower prices where we found what we considered attractive return opportunities within European hybrids and European HY. We also added positions within the auto and media sectors of US HY. Finally, we trimmed some of our credit hedges and realized profit. We remain disciplined and are conducting thorough credit and market analysis on various opportunities in hopes of carefully adding risk at increasingly attractive credit spread levels.

Performance analysis
For the month of March, the fund generated a negative total return of -1.6% (in EUR) and outperformed the benchmark after fees. The monthly performance benefitted from positive performance of a few bonds within EM, EU telecom, and US energy. Fund performance also benefitted from outperformance of a distressed position within EM that rebounded off recent lows. Finally, the fund performance benefitted from disciplined credit hedge positions that were slightly trimmed towards the end of the month given the volatile nature of credit spreads in the current environment. In line with broader market movements, we experienced negative performance in various bond positions but are satisfied with the overall quality and sector mix.

Outlook

March proved to be a challenging month for all asset classes as investors grappled with the potential impacts of the escalating conflict in Iran. We remain hopeful of a peaceful resolution but must acknowledge that geopolitical risks are clearly higher now and the overall impact to global economies will depend on the length and severity of the disruption overall. We remain constructive in global HY and continue to evaluate opportunities by region, sector, and issuer. 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
MTD	-1.6%	-2.0%
YTD	-0.1%	-1.4%
1 year	3.3%	3.8%
3 yrs p.a.	6.2%	6.5%
5 yrs p.a.	2.1%	2.2%
10 yrs p.a.	3.1%	3.6%
ITD p.a.	3.7%	4.2%

Time period	Fund	Ref. index
2025	4.3%	5.8%
2024	6.8%	7.2%
2023	10.5%	11.4%
2022	-12.4%	-12.7%
2021	4.9%	3.6%
2020	2.2%	3.2%
2019	10.2%	11.1%
2018	-6.1%	-4.3%
2017	5.0%	5.5%
2016	8.2%	12.3%

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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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