Monthly commentary / 31.3.2026

Vontobel Fund – Non-Food Commodity

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

Summary

- BCOMTR index had its best monthly performance since 2009, with diverse performances.
- The energy sector recorded its best performance since 1986 on escalations in the Middle East.
- Precious metals showed their worst monthly performance since the financial crisis.

Market developments

March was the strongest month for the Bloomberg Commodity Total Return Index (+11.5%) since 2009, and for the energy complex (+40%) since 1986. These moves highlight the scale of stress currently building across commodity markets. They also reinforce the role of commodities as an effective hedge in multi-asset portfolios, particularly amid geopolitical risk and inflation fears. Similar to 2021-2022, when equities and bonds became increasingly correlated and even gold struggled, a broad basket of commodities can provide much-needed diversification. Only weeks ago, the idea of a second wave of inflation, or even stagflation, was dismissed by many investors. Today, markets are telling a different story: equities (S&P 500 -5% in March), bonds (Bloomberg Global Aggregate -3%), and gold (-11.5%) have all come under pressure. The main driver is growing concern that supply constraints in commodities could push inflation higher, delay or halt the central bank rate-cutting cycle and ultimately weigh on the growth outlook. We believe this environment strengthens the structural case for commodities. A renewed focus on energy and resource security, alongside increased stockpiling, hoarding, and the nationalization of supply chains, is likely to keep upward pressure on commodity prices over the longer term.

We have entered week 5 in what some have termed “Gulf War 4”. At this stage, there are as many scenario analyses as there are geopolitical and military experts. For oil markets and the global economy, we believe the situation can be simplified into two main scenarios: 1) The Strait of Hormuz is effectively closed, or 2) the strait is open and oil and commodities can pass through. In practice, the existence of conflict in the Middle East is less relevant for oil markets if oil flows are uninterrupted. Even in the seven-year “Tanker War” phase of the Iran-Iraq War in the 1980s, oil continued to flow. So, what happened in March? Although the Strait of Hormuz has not been formally closed, it has become effectively constrained by the threat of Iranian attacks. Some ships still pass, but they must have negotiated passage with Iran before, or they are of Iranian origin. Over the course of March, the situation escalated from a logistical disruption in week one, to a genuine supply issue in week two, with production shut-ins and reduced refinery runs, and then to rising risks to energy infrastructure in weeks three and four. At present, around 10 million barrels per day (mb/d) of crude production is shut in, while refinery runs have been reduced by roughly 5 mb/d. These cuts extend beyond the Middle East, with Asian refiners also scaling back in anticipation of tighter crude availability. In the absence of new developments, oil prices, particularly refined products such as gasoil and heating oil, have continued to grind higher. However, the market remains highly reactive to any signs of de-escalation, with rallies quickly losing momentum on softer headlines. We have not been inclined to sell into these moves, as the underlying situation has remained unchanged, though we began to gradually take profits toward the end of March.

Several measures to mitigate the supply shortfall have now been announced and, in some cases, implemented:

SPR releases: Around 400 million barrels have been announced across the US, European countries, and Japan – nearly double the 2022 release. In theory, this could offset roughly one month of disrupted flows through the Strait of Hormuz. However, two key limitations remain: 1) the release rate is only around 2–3 mb/d versus 13 mb/d of disrupted flows, and 2) most barrels are located in the Atlantic Basin (with the exception of Japan), while the largest supply shortfall is currently in Asia.

Bypass routes: Alternative export routes are being utilized but are nearing capacity. Saudi Arabia’s East-West pipeline to Yanbu is running close to its 5 mb/d limit. The UAE is redirecting flows via Fujairah on the Gulf of Oman, increasing volumes by up to 0.9 mb/d. Iraq started to export 0.25 mb/d via the Kirkuk–Ceyhan pipeline to Turke and Iran is still moving 1.5 mb/d through the Strait. While helpful, these routes only partially offset the disruption.

De-sanctioning floating barrels: The release of Russian and Iranian oil held in floating storage is helping to ease near-term tightness. However, this is a temporary measure, likely providing relief for only 2–3 weeks.

Insurance: There has been discussion around reinstating insurance coverage to encourage tanker transit through the Strait of Hormuz. So far, this has not materialized in a meaningful way and would likely have only a limited impact.

Naval escorts: The idea of coordinated naval escorts through the Strait has been proposed, but most countries remain hesitant and have pushed back on US requests. Implementation would be complex and politically sensitive, making this unlikely a near-term solution during time of ongoing hostilities. Global gasoline and diesel prices have risen by roughly one-third on average globally, but the impact is being felt most acutely in Asia, given its heavy reliance on Middle Eastern crude oil imports. Several countries, including the Philippines, Pakistan, and Vietnam, have already introduced measures to ease the strain, such as four-day workweeks, temporary school closures, and restrictions on refined product exports. If flows through the Strait of Hormuz are not restored within the next 2–3 weeks, the situation could escalate from demand curtailment to outright fuel rationing. At that point, the impact would likely begin to spread more meaningfully to Europe as well.

Precious metals were the laggards in March, with the BCOM Gold index down -11.5%, silver -19.7%, platinum -18.0%, and palladium -18.6%. This marks the worst monthly sell-off since the financial crisis in September 2008. The escalation of conflict involving Iran has triggered a global deleveraging and flight to cash, which also kept gold more correlated with broader risk conditions, reinforcing its role as a source of liquidity rather than a pure safe haven. The heightened inflation fears and the prospect of a more hawkish response by the US Federal Reserve (Fed) further accelerated the sell-off mid-month, before prices stabilized and eventually found their bottom in the final week. Financial positioning is materially lighter now, with recent support driven primarily by dip buying and hedging activity. Central banks remain tactical, waiting on the sidelines until excess market volatility calms. ETF outflows contributed to this month's price correction. Silver and platinum-group metals suffered even more due to their industrial exposure and the hit to the real economy from this energy supply shock.

Base metals remained fragmented, with supply-driven commodities (aluminum +11.5%) continuing to outperform demand-sensitive ones (copper -7.4%). Aluminum is well supported as the market is repricing the persistence of Middle East disruptions, factoring in not just near-term impacts but also ongoing risks to logistics, inputs, and production. Gulf countries account for 8% of global aluminum production. Once an aluminum smelter is taken offline, it typically takes 6-9 months to ramp it back up. But alumina feedstock imports are running low due to the closure of the Strait of Hormuz. Total announced disruptions currently amount to approximately 550,000 tons (around 240,000 tons, representing 40% of Qatalum, and 300,000 tons, representing 20% of Alba). Copper, meanwhile, is trading more defensively as it is focusing on a potential recession and demand destruction. Rising inventories at the LME are also weighing on prices.

US natural gas prices showed little reaction to the global energy crisis (+0.1%), which may seem surprising given that European gas prices (TTF) surged by 65% in March. The limited reaction in US prices reflects the fact that LNG export capacity is already fully utilized – exports are effectively maxed out, leaving little room to respond to the global shortage in the short-term. An interesting development can be seen along the forward curve: US winter contracts (e.g., January 2027) rose more significantly (+6%) compared to near-term contracts (such as May 2026 +0.1%). This suggests growing concern about a potential scenario in which a cold US winter coincides with a global LNG or energy crisis. In such a case, US gas prices would likely need to rise substantially to discourage exports and ensure sufficient domestic supply. The stronger performance of winter contracts may be an early signal of that risk being priced in.

Portfolio review

In March, the cross-sectional model further increased the active allocation to the energy sector but due to huge price gains in the benchmark, the fund ended the month with an underweight of -3.9% versus the benchmark. The fund kept its allocation to natural gas basically at zero throughout the month, leading to a relative underweight of -11.5%, mainly driven by negative roll yields and a negative contribution from momentum. The model increased its active allocation to crude oil, due to positive momentum and positive carry (steep backwardation), but overall it has an underweight of -8.8% due to strong benchmark price effects. Similarly, the model further increased its overweight in oil products, driven by positive carry and strong price momentum.

Regarding industrial metals, the model slightly increased its underweight to -2.0% vs the benchmark. The model kept its underweight in copper during the month, ending with -5.8% with all three factors (carry, value, momentum) again showing negative contributions. The active position in aluminum slightly increased due to a strong momentum factor. The fund kept the overweight positions in lead (+2.2%), nickel (+1.2%), and zinc (+1.7%), mainly due to a negative momentum factor and a diminishing positive contribution from value

In March, the model increased its allocation in precious metals ending the month with an overweight of +6.6% vs the benchmark, which was mainly driven by momentum and value. The model underweights gold (-11.1%) and increased its overweight in silver (+2.4%) while slightly trimming the positive allocations in the off-benchmark positions palladium (+7.0%) and platinum (+8.3%).

Performance analysis

In March, the Vontobel Fund – Non-Food Commodity (I share, USD) gained +5.12% and the Bloomberg Commodity ex-AL Capped TR Index gained 10.6%, leading to an underperformance of -5.48%. Overall, the largest drag on performance during this energy supply shock was due to the fund's defensive positioning further out on the curve, while spot prices rallied the most. The underweight in crude oil and aluminum, as well as the off-benchmark positions in palladium and platinum added negatively to overall performance from a selection point of view. On the other hand, the overweight in oil products, the underweight in copper and gold were the biggest positive contributors to performance.

Outlook

The duration of disruptions in the Strait of Hormuz remains the single most critical factor for the oil market. Energy prices are likely to face continued upward pressure until transit through this key chokepoint is reliably restored. As highlighted previously, the key question is not when hostilities end, but when oil and other goods can once again flow freely through the Strait of Hormuz. While we believe eventual demand destruction will cap the upside, that point has not yet been reached.

In precious metals, rising bond yields present a headwind,

and at the same time the sharp price acceleration in gold and silver in January may have outpaced fundamentals and justified a stronger correction. While gold remains sensitive to inflation concerns for now, it is likely to attract more buying once it becomes clearer that we are not entering a rate-hiking cycle over the next 12 months.
A detailed forecast for the second quarter of 2026 will be provided in the upcoming Quarterly Commodity Outlook.

Fund characteristics

Fund name	Vontobel Fund – Non-Food Commodity
ISIN	LU1106544999
Share class	I USD
Reference index	Bloomberg Commodity ex-Agriculture and Livestock Capped Index TR
Inception date	28.11.2014

Historical performance (net returns, in %)

Time period	Fund	Ref. index
MTD	5.1%	10.6%
YTD	19.5%	27.0%
1 year	34.2%	38.8%
3 yrs p.a.	12.0%	18.1%
5 yrs p.a.	9.8%	16.6%
10 yrs p.a.	7.6%	9.9%
ITD p.a.	3.3%	4.5%

Time period	Fund	Ref. index
2025	20.2%	23.9%
2024	1.7%	8.6%
2023	-9.5%	-12.3%
2022	6.8%	18.8%
2021	21.7%	28.6%
2020	1.7%	-10.5%
2019	16.2%	11.7%
2018	-19.5%	-11.4%
2017	5.7%	7.9%
2016	23.0%	18.6%

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

- Using derivatives creates significant 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. Information on how sustainability risks are managed in this sub-fund may be obtained from vontobel.com/sfdr.

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, Äulestrasse 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. **Finland**: The KID is available in Finnish. **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”). **Norway**: The KID is available in Norwegian. 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. **Sweden**: The KID is available in Swedish. 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