

Vontobel Fund (CH) – Sustainable Swiss Equity Income Plus

Marketing document for institutional investors in: CH.

Market developments

Overall, the second quarter of 2026 was characterized by persistent geopolitical tensions, rising energy prices, and the question of how long the boom in investments in artificial intelligence (AI) and the expansion of data centers will last.

In April, global equity markets rebounded significantly from their setback in March, with the Swiss Performance Index (SPI) gaining 4.0%. With the prospect of easing tensions in the conflict between the US and Iran, investor sentiment initially brightened. However, the situation in the Middle East remained tense throughout the rest of the month, and shipping traffic through the Strait of Hormuz was restricted, causing oil prices to rise sharply. Meanwhile, in the companies' earnings reports, the results from players in the technology sector and its semiconductor segment were particularly strong. Among the beneficiaries of continued investments in AI and data centers were not only large U.S. corporations but also Swiss suppliers to the semiconductor industry. Measured in Swiss francs, the US semiconductor index SOX posted exceptionally strong gains, while the technology-focused US index Nasdaq 100 and the US equity leading index S&P 500 reached new highs. In May, the upwards trend on the equity markets continued. Supported by diplomatic progress in the Middle East and sustained high demand for AI and data center infrastructure, the SPI gained another 3.3% in value, while U.S. equity markets broke new records. Nvidia significantly exceeded the high expectations of analysts and investors. Following its strong rally in April, the SOX Index posted another double-digit gain.

June was marked by fluctuating hopes for a lasting easing of tensions in the Middle East. Europe's equity markets are benefiting from falling inflation expectations and, at the same time, from diminishing concerns that the European Central Bank might raise its key interest rate further. On the U.S. equity markets, however, volatility increased. Profit-taking increased, particularly in the Semiconductors segment, as investors assessed the high valuations and the increasingly debt-financed AI investments more critically. Nevertheless, most equity markets ended June once again in positive territory, measured in Swiss francs. The still robust Swiss stock market posted a 4.5% gain in the SPI, thanks primarily to the defensive index heavyweights.

Portfolio review

Equity Strategy: The equity strategy made a positive contribution (0.6%). Holding liquidity had a dampening effect (-0.3%). In the equity portfolio, we sold the defensive securities that we had built up as a safeguard during the period of uncertainty arising from the Iran conflict, following the reopening of the Strait of Hormuz. We sold our position in BKW because we expect negative developments in the energy company's trading results and its hydropower

energy production in the first half of the year. We closed out our position in Cantonale Vaudoise when, according to our assessment, the fair value had been exceeded. We exited our position in Interroll because the manufacturer of roller and conveyor systems for intralogistics is facing a slowdown in order intake due to clients postponing investments, and this volume effect is likely to have a negative impact on the expected margin. In contrast, we further increased our position in UBS in light of the continued strong momentum in the financial markets. We also expanded our position in Sika, as a recovery is emerging in the cycle of the European construction industry—Sika's most important sales market—the company is generating solid cashflows, and we find the current valuation of the share attractive in a historical comparison. We increased our position in SIG because we now believe that the company can successfully pass on the additional costs from the rise in oil price to its customers, and because management has expressed a noticeably more optimistic outlook for the business. **Option strategy:** The permanent option strategy incurred opportunity costs (-1.4%) due to the sharply rising equity markets. Responding to pronounced market dynamics, we sought to minimize these costs by reducing the writing ratio from the usual 70% to 50%. In addition, options on individual securities were written, on average, about 5% out of the money in order to maintain high upside potential for the portfolio positions. As a result, we were able to benefit much more from the positive market trend than purely static, passive option strategies would allow. For the quarter as a whole, we collected option premiums totaling 1.4%. The variable option strategy, under which index options are written depending on the economic cycle, was not used, as the global economy remained robust. Our tactical risk management was not used either. The put option we had established in the previous quarter, which significantly protected the portfolio during the market correction in March and limited losses, was held until it expired worthless in May. This resulted in a negative performance contribution of -0.4%.

Performance analysis

In the second quarter, the fund (share class L) increased in value by 10.4%, but underperformed the SPI's 12.2%.

In the equity strategy, our overweight positions in ABB, Belimo, and VAT made a particularly strong contribution as beneficiaries of the AI investment boom. Our overweight positions in Richemont and UBS also contributed positively, with the luxury goods manufacturer benefiting from continued strong demand for jewelry, especially in the U.S., and the bank giant benefiting from a favorable trading environment and rising equity markets. Our zero positions in Barry Callebaut, PSP, Swisscom, and Swiss Prime Site also made a positive contribution. By contrast, our

overweight positions in defensive stocks such as Banque Cantonale Vaudoise, Galenica und Sunrise had a dampening effect. Our positions in Holcim und Amrize also had a dampening effect. Companies in the construction industry suffered from rising interest rates and regulatory volatility.

In the option strategy, the significant differences in performance among the individual securities had a clear impact. The above-average recovery in shares driven by AI and data centers, such as ABB or VAT Group, led to negative contributions from option writing. Another example of opportunity costs within the option strategy was the 33% increase in UBS's share price over the quarter. Although the SPI heavyweights also delivered positive performance during the quarter, their price gains were more moderate, which is optimal for the option strategy. Accordingly, these securities contributed positively to return from writing options. Overall, the costs incurred remained within reasonable limits thanks to the reduced rate of options written.

Outlook

The financial markets ended the first half of this year with strong momentum. The price gains of the past months were primarily driven by the AI boom, as well as the de-escalation in the Middle East and the resulting decline in oil prices. Whether this positive development will continue or whether current prices have already factored in most of the positive news remains to be seen.

Geopolitical developments remain a key influencing factor. Although the recent ceasefire in the Middle East has reassured investors and, consequently, the financial markets, the situation remains fragile. A lasting de-escalation of the conflict would be of great importance for the global economy, as it would improve the stability of the energy supply and alleviate uncertainty in the financial markets. A calming of the Ukraine conflict could also strengthen the business climate worldwide. Europe would particularly benefit from greater planning certainty, which in turn would

have a positive impact on Switzerland's export-oriented economy. Infrastructure programs and reconstruction investments could also provide additional growth momentum and, above all, be of benefit to Swiss industry companies.

Currently, investors' attention is on the U.S. Federal Reserve (Fed). While many had expected a few months ago that the Fed would lower its key interest rate, the possibility of a rate hike is now on the table. Inflation in the U.S. remains above the Fed's objective, which is why it continues to closely monitor economic and labor market data. U.S. politics is increasingly coming into focus. The upcoming midterm elections are increasingly pressuring U.S. President Donald Trump to support the economy. Accordingly, there is hope for progress both in resolving the conflict in the Middle East and on trade issues.

AI remains the dominant investment theme. Demand for AI technologies in areas such as automation, data analysis, and machine learning is fueling investment worldwide, with many companies pouring billions into new infrastructure and applications. Supported by government incentive programs and the increasing integration of AI into a wide variety of sectors, this trend could continue to provide significant growth momentum for the global economy. While optimists view the AI boom as the beginning of a long-term growth trend, some market observers warn against unrealistic expectations.

Overall, we remain cautiously optimistic about the second half of 2026. The operating conditions have become more challenging, and geopolitical risks as well as interest rate trends require special attention. At the same time, the resilience of the Swiss economy, the innovative strength of many companies, and the long-term opportunities offered by AI continue to support a constructive environment. For us, patience, diversification, and a clear focus on quality are more important than pursuing short-term trends.

Fund characteristics

Fund name	Vontobel Fund (CH) – Sustainable Swiss Equity Income Plus
ISIN	CH1303570159
Share class	I CHF
Benchmark	Swiss Performance Index (SPI)
Inception date	14.3.2024

Historical performance (net returns, in %)

Time period	Fund	Benchmark	Time period	Fund	Benchmark
MTD	4.0%	4.5%	2025	10.9%	17.8%
YTD	5.9%	9.9%	2024	–	–
1 year	13.1%	21.1%	2023	–	–
3 yrs p.a.	–	–	2022	–	–
5 yrs p.a.	–	–	2021	–	–
10 yrs p.a.	–	–	2020	–	–
ITD p.a.	7.5%	12.2%	2019	–	–
			2018	–	–
			2017	–	–
			2016	–	–

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

- Limited participation in the potential of single securities.
- Success of single security analysis and active management cannot be guaranteed.
- It cannot be guaranteed that the investor will recover the capital invested.
- Derivatives entail risks relating to liquidity, leverage and credit fluctuations, illiquidity and volatility.
- Price fluctuations of investments due to market, industry and issuer linked changes are possible.
- Investments in mid cap companies may be less liquid than investments in large cap companies.
- With the use of a covered call options strategy the participation in the potential positive price development of the underlyings is limited.
- There is no guarantee that all sustainability criteria will always be met for every investment. Negative impact on sub-fund's performance possible due to pursuing sustainable economic activity rather than a conventional investment policy.
- 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.

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