Monthly commentary / 31.7.2026

Vontobel Fund – mtx Emerging Markets Leaders ex China

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

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
- Emerging market equities remained under pressure in July, with the MSCI EM ex China Index falling 5.6%, while the MSCI Emerging Markets Index declined 3.3% and MSCI World Index gained 0.5%.
- The mtx Emerging Markets Leaders ex China (EMLX) fund returned -5.2% (gross of fees) during July 2026.
- The mtx EMLX fund outperformed the benchmark by 0.5% (gross of fees) during the month.

Market developments
The MSCI EM ex China Index declined by 5.6% during July, extending June's loss and materially underperforming both developed markets (+0.5%) and the S&P 500 (-0.1%). Market sentiment deteriorated as the AI and technology complex, particularly in South Korea and Taiwan, underwent a sharp correction. While concerns around AI capital expenditure sustainability, monetization challenges, financing conditions, and intensifying competition from China triggered the initial weakness, the move was amplified by a significant positioning unwind involving hedge funds and leveraged ETF investors, especially in Korea. By month-end, however, signs emerged that the deleveraging process had largely run its course, contributing to a sharp rebound in Korean equities on the final trading day.
Performance across EM markets remained dispersed. Columbia, (+19.2%), Indonesia (+11.2%) and Poland (+10.5%) outperformed, supported by financials, consumer franchises and commodity-linked companies. In contrast, Korea (-17.4%) and Taiwan (-7.6%) lagged, reflecting their high exposure to global AI and semiconductor supply chains.
From a sector perspective, Energy, Financials and Consumer Discretionary were among the strongest performers. Investors rotated into previously under-owned domestic demand stories, particularly in India, Latin America and parts of EMEA. Indian auto and consumer-related names benefited from resilient economic activity and supportive earnings expectations, while several energy producers across Brazil and emerging EMEA markets advanced alongside stable commodity prices. In contrast, Information Technology was the weakest sector as AI-linked hardware, memory, networking and semiconductor stocks corrected sharply following an extended period of strong gains and increasingly stretched valuations.
Geopolitical tensions in the Middle East pushed energy markets sharply higher. Brent crude rose 23.6% and WTI increased 21.8% during the month. Although prices moderated somewhat toward month-end amid reports of a potential US-Iran agreement, higher oil prices provided meaningful support to commodity-exporting markets such as Colombia and Brazil.

Portfolio review
The portfolio declined during July as a sharp correction in AI-related semiconductor and technology stocks outweighed strong returns from holdings in India, Brazil, Mexico. While the fund benefited from its exposure to domestic growth stories and commodity-linked companies, weakness across several large technology positions, particularly in Korea and Taiwan, proved to be a significant headwind.
At the country level, selection in Brazil and Columbia were the largest detractor to relative returns, followed by the UAE and Hungary. In contrast, stock selection in Taiwan, and South Korea contributed most positively, despite the sharp correction across North Asian technology stocks, alongside selection in Mexico.
From a sector perspective, stock selection was strongest in Information Technology, Communication Discretionary and Energy, while Financials, Materials and Industrials detracted most. Key contributors included Bajaj Auto, Prio SA and Bajaj Finance, while the largest detractors were SK Hynix, SK Square, and Alchip Technologies, reflecting the sharp sell-off across AI-related and technology stocks during the month.
Asset allocation contributed positively to overall performance. The overweight allocation to Brazil and South Africa added to performance, while the largest headwind stemmed from the underweight in India and Taiwan. In addition, the portfolio held no exposure to several strongly performing markets, including Poland, which was the strongest market in the index during July, as well as Saudi Arabia and Malaysia, which detracted from relative returns.
At the end of July, the portfolio consisted of 40 companies across 41 holdings, reflecting dual share-class positions in Localiza and Samsung Electronics. During July, the portfolio exited Nari Technology (Industrials, China) and redeployed capital into existing high-conviction holdings across the portfolio. No new positions were initiated during the month.

Performance analysis
July was characterized by a broad correction across AI-related hardware and semiconductor stocks.

The strongest contributors were Bajaj Auto (+17.6%), Prio (+18.9%), and Bajaj Finance (+12.7%). Bajaj Auto benefited from resilient domestic demand, strong export momentum, and continued market share gains in key motorcycle segments. Prio advanced on the back of stronger oil prices and solid operational execution, supporting earnings expectations and investor sentiment towards Brazilian energy producers. Bajaj Finance also performed strongly, driven by robust loan growth, healthy asset quality trends, and continued confidence in India's consumer credit outlook.
On the downside, Alchip Technologies (-27.8%), SK Square (-33.5%), and SK Hynix (-29.5%) were the largest detractors. Alchip Technologies came under pressure as investors reduced exposure to AI-related semiconductor beneficiaries following an extended period of strong performance. SK Square declined amid weakness across Korean technology holdings and a reassessment of valuation levels within its portfolio investments. SK Hynix also detracted significantly as the global semiconductor sector experienced profit-taking, reflecting concerns that near-term expectations for AI-related memory demand had become overly optimistic.
Overall, portfolio performance highlighted a clear divergence between strong-performing domestic growth and energy-related holdings on one hand, and technology and semiconductor stocks on the other. Gains from Bajaj Auto, Prio, and Bajaj Finance provided meaningful support, however, were outweighed by a sharp sell-off in AI-linked semiconductor and technology names, with Alchip Technologies, SK Square, and SK Hynix among the largest detractors during the month.

Outlook

The outlook for emerging market equities remains constructive, supported by resilient economic growth, strong earnings momentum and attractive relative valuations. Consensus expects EM earnings to grow by roughly 35% in 2026, well ahead of developed markets, reinforcing the region's long-standing growth advantage.
Fundamentals remain supportive, particularly in North Asia, where profitability continues to improve. Technology, especially semiconductors and AI-related supply chains, remains the key earnings driver, with Korea and Taiwan expected to remain at the forefront of earnings growth across emerging markets. While earnings remain concentrated in a relatively narrow set of sectors, the overall outlook for corporate profits remains robust.
Valuations continue to be appealing on a relative basis. The MSCI EM Index trades at roughly 13.5x forward earnings, representing a significant discount to both developed and US equities. Although higher inflation and tighter financial conditions may limit scope for near-term multiple expansion, high-quality companies with strong profitability characteristics continue to offer attractive opportunities.
The macroeconomic backdrop is broadly supportive. EM economies are expected to grow around 4% in 2026, comfortably ahead of developed markets. While inflation remains elevated and central banks have become somewhat more cautious, the environment is best characterized as one of resilient growth rather than stagflation. Oil prices have stabilized following the geopolitical volatility seen earlier in the year, reducing the likelihood of extreme downside outcomes.
The main risks to the outlook stem from a potential slowdown in AI-related capital expenditure, renewed energy market disruptions, tighter-than-expected US monetary policy, and weaker global growth. Nevertheless, given the combination of superior earnings growth, improving profitability and attractive valuations, we remain constructive on the medium-term outlook for emerging market equities.
The AI capex cycle remains the single most important swing factor for EM equities heading into Q3, with Korea and Taiwan acutely exposed to any deceleration in hyperscaler spending. The base case remains constructive, supported by continued commitments to AI infrastructure spending and healthy demand trends across the semiconductor value chain. However, the risk of a capex pause remains non-trivial, particularly if tighter financial conditions or slower AI monetization were to affect investment plans.
Trade policy also represents a growing source of uncertainty. New tariff measures, including proposals that could raise tariffs on certain countries such as Brazil, have the potential to disrupt global trade flows and weigh on export-oriented EM markets.
Finally, earnings risks remain relevant, as historical patterns indicate that downward revisions tend to lag energy shocks by approximately two to three quarters, suggesting potential pressure on estimates later in the year.

Fund characteristics

Fund name	Vontobel Fund – mtx Emerging Markets Leaders ex China
ISIN	LU2601939379
Share class	I USD
Benchmark	MSCI Emerging Markets Index ex China TR Net 10/40
Inception date	20.9.2023

For institutional investors only/not for public viewing or distribution

Historical performance (net returns, in %)

Time period	Fund	Benchmark
MTD	-5.3%	-5.6%
YTD	32.5%	29.2%
1 year	54.1%	49.7%
3 yrs p.a.	–	–
5 yrs p.a.	–	–
10 yrs p.a.	–	–
ITD p.a.	28.9%	26.2%

Time period	Fund	Benchmark
2025	37.2%	33.6%
2024	3.4%	2.3%
2023	–	–
2022	–	–
2021	–	–
2020	–	–
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

- Investments in emerging markets entail increased liquidity and operational risks as these markets tend to be underdeveloped and more exposed to political, legal, tax and foreign exchange control risks.
- 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.

Important legal information
This marketing document was produced by one or more companies of the Vontobel Group (collectively "Vontobel") for institutional clients, for distribution in AT, CH, DE, DK, ES, FI, FR, GB, IT, LU, NL, NO, SE.
This document is for information purposes only and does not constitute an offer, solicitation or recommendation to buy or sell shares of the fund/fund units or any investment instruments, to effect any transactions or to conclude any legal act of any kind whatsoever. Subscriptions of shares of the fund should in any event be made solely on the basis of the fund's current sales prospectus (the "Sales Prospectus"), the Key (Investor) Information Document ("K(I)ID"), its articles of incorporation and the most recent annual and semi-annual report of the fund and after seeking the advice of an independent finance, legal, accounting and tax specialist. This document is directed only at recipients who are institutional clients, such as eligible counterparties or professional clients as defined by the Markets in Financial Instruments Directive 2014/65/EC ("MiFID") or similar regulations in other jurisdictions, or as qualified investors as defined by Switzerland's Collective Investment Schemes Act ("CISA").
Neither the fund, nor the Management Company nor the Investment Manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of an assessment of ESG research and the correct execution of the ESG strategy. As investors may have different views regarding what constitutes sustainable investing or a sustainable investment, the fund may invest in issuers that do not reflect the beliefs and values of any specific investor.
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/. 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. **Denmark**: The KID is available in Danish. **Finland**: The KID is available in Finnish. The KID is available in French. The fund is authorized to the commercialization in **France**. Refer for more information on the funds to the KID. **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. 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 funds recognised under the Overseas Funds Regime (OFR) but not authorised in the **United Kingdom** and therefore not subject to the investor protection rules made under the Financial Services and Markets Act 2000 can be found in the FCA register under reference number 1061845. This information was approved by Vontobel Asset Management S.A., London Branch, with registered office at 4th Floor, 20 Fenchurch Street, London EC3M 3BY, 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. Information about the fund may be obtained from Carne International Financial Services (UK) Limited acting as the facilities agent for the Fund in the UK, providing certain facilities at its offices at 29-30 Cornhill, London, EC3V 3NF, United Kingdom. The above mentioned documents, including the KIIDs available in English, may be 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.

Although Vontobel believes that the information provided in this document is based on reliable sources, it cannot assume responsibility for the quality, correctness, timeliness or completeness of the information contained in this document. Except as permitted under applicable copyright laws, none of this information may be reproduced, adapted, uploaded to a third party, linked to, framed, performed in public, distributed or transmitted in any form by any process without the specific written consent of Vontobel. To the maximum extent permitted by law, Vontobel will not be liable in any way for any loss or damage suffered by you through use or access to this information, or Vontobel’s failure to provide this information. Our liability for negligence, breach of contract or contravention of any law as a result of our failure to provide this information or any part of it, or for any problems with this information, which cannot be lawfully excluded, is limited, at our option and to the maximum extent permitted by law, to resupplying this information or any part of it to you, or to paying for the resupply of this information or any part of it to you. Neither this document nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law. Persons who receive this document should make themselves aware of and adhere to any such restrictions. In particular, this document must not be distributed or handed over to US persons and must not be distributed in the USA.

Vontobel Asset Management AG
Gotthardstrasse 43, 8022 Zürich
Switzerland
T +41 58 283 71 11
info@vontobel.com | vontobel.com/am