Vontobel Fund – US Equity

Quarterly commentary 1Q 2026

Key takeaways

– During the first quarter of 2026, equity markets softened as investors increasingly shifted their focus from speculating about AI winners to shunning purported AI losers, seeking to understand which industries may be disrupted by artificial intelligence (AI). By March, the risk-off narrative intensified in response to growing geopolitical tensions, with the US and Israel attacking Iran. Equities pulled back broadly; however, energy stocks rallied strongly as energy prices spiked. Concerns about inflation resurfaced, prompting investors to question prior expectations of interest rate cuts and the overall resilience of the economy. The Vontobel Fund - US Equity underperformed the S&P 500 Index during the quarter.

– Stock selection in the information technology sector was the largest detractor from relative performance, because of our overweight to software, followed by stock selection in the health care sector. On the positive side, stock selection in consumer staples and financials were the leading contributors to relative returns.

– There is a risk that the standoff with Iran may not be resolved in the coming weeks, raising the probability of a recession. We believe that the companies in our portfolio are, on average, less economically sensitive and their earnings would be resilient if there were an economic downturn.

– In addition to the risk to economic growth, sustained higher oil prices would lead to higher inflation, which would make it more challenging for the Federal Reserve (Fed) to cut interest rates. There is a scenario in which higher inflation does not result in a recession, due to offsetting fiscal stimulus, but could lead to higher interest rates. This, in turn, could pressure stocks, especially those trading at higher multiples. We believe our valuation discipline will hold us in good stead, as our portfolio trades at a reasonable multiple of earnings and free cash flow, relative to the growth rates and quality of those companies.

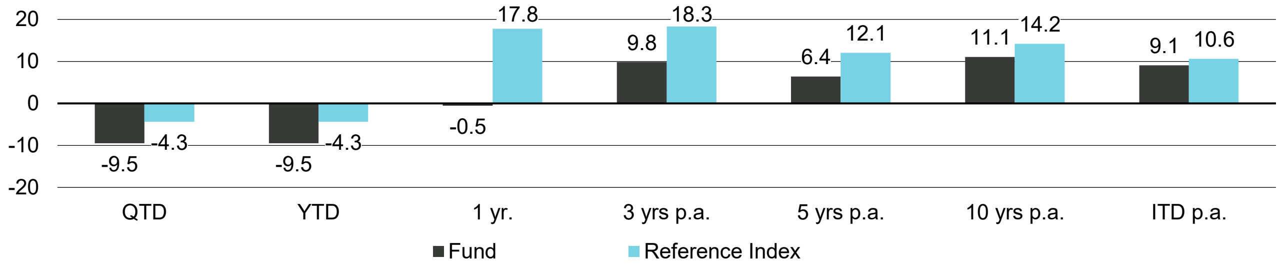
– The market has been, often indiscriminately, punishing stocks in some industries, such as software and data. Some of those companies are indeed at risk of being disrupted by AI. We have exited our positions in those companies whose business models are threatened by AI. We believe the names we continue to hold are more likely to benefit from AI, by lowering their software development costs and accelerating revenue growth by incorporating AI features.

– The market's often indiscriminate selling can be a potentially great opportunity for bottom-up investors to add value. We believe our portfolio is well-positioned to capture opportunities and we are highly optimistic about its forward return potential.

Fund characteristics

Share class	Vontobel Fund – US Equity I (ISIN LU0278092605)
Reference index	S&P 500 - TR
Currency	USD
Inception date	16.3.2007
Reporting period	16.3.2007-31.3.2026

Historical performance (net returns, in %) as of 31.3.2026 (I-Share class)



	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund	10.2	12.2	25.3	-15.7	18.9	16.3	30.6	-0.8	25.6	9.3
Ref. index	17.9	25.0	26.3	-18.1	28.7	18.4	31.5	-4.4	21.8	12.0

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. Performance and characteristics for other share classes will differ from the information discussed herein.

Market review

Geopolitical turmoil set the tone for the quarter, culminating in the conflict in Iran, which led to oil supply disruption and impacted stock prices. Concerns about the impact of AI on businesses and the economy also shook markets, causing stocks to decline.

The quarter started with a surprise move by the Trump administration to seize Venezuela's President on charges of narco-terrorism. The US President subsequently rattled European allies by reiterating plans to take Greenland and refusing to rule out military action. However, strikes on Iran conducted alongside Israel, and subsequent reprisals, had the greatest impact on financial markets.

Oil prices and stocks moved in reaction to news around the deepening conflict. Reports of discussions regarding a peace deal, and Iranian proposals to facilitate the passage of non-hostile vessels through the Strait of Hormuz, assuaged some market concerns toward the end of March. However, warnings about prolonged conflict pushed the S&P 500 to its lowest level for the quarter.

The Federal Reserve held interest rates steady in March, maintaining a cautious stance amid inflation concerns and geopolitical uncertainty.

Markets were also impacted by concerns about the impact of AI on specific industries as well as the broader economy. New AI tools from Anthropic knocked confidence in enterprise software providers. The sell-off hit listed private capital lenders to the software sector, which snowballed into worries about the global private debt market. A pessimistic report about the impact of AI on the labor force and the economy also shook individual stocks.

There was further uncertainty after the US Supreme Court struck down the Trump administration's tariff regime. The US President announced a temporary global tariff of 10% and threatened to raise the level to 15%.

Global markets

Performance (%) as of 31.3.2026	FIRST QUARTER	1 YEAR
MSCI All Country World Index	-3.20	20.01
MSCI All Country World ex U.S. Index	-0.71	24.91
MSCI EAFE (Europe, Australasia, Far East)	-1.24	21.27
MSCI Europe Index	-2.82	19.11
MSCI Japan Index	1.37	25.88
MSCI All Country Asia ex Japan Index	-1.18	28.37
MSCI Emerging Markets Index	-0.17	29.55
S&P 500 Index	-4.33	17.80

Source: FactSet, MSCI, S&P
Expressed in USD.

S&P 500 - TR

Sector performance (%) as of 31.3.2026	FIRST QUARTER	1 YEAR
Energy	37.95	34.99
Materials	9.62	17.43
Utilities	8.04	18.70
Consumer Staples	7.48	5.52
Industrials	4.54	24.68
Real Estate	2.52	1.30
Health Care	-5.00	1.76
Communication Services	-6.98	32.37
Information Technology	-9.17	28.78
Consumer Discretionary	-9.25	11.43
Financials	-9.48	0.28

Source: FactSet, S&P
Expressed in USD.

Outlook

− The obvious short-term risk is that elevated oil prices could lead to a recession. The US market has not experienced a massive sell-off from the conflict with Iran because the US is perceived to be more resilient to oil price shocks, due to its less oil intensive economy and status as a net exporter of oil. Additionally, markets appear to assume that oil prices will not remain elevated for an extended period.

− However, there is a risk that the standoff with Iran may not be resolved in the coming weeks, raising the probability of a recession. We believe that the companies in our portfolio are, on average, less economically sensitive and their earnings would be resilient if there were an economic downturn. The portfolio's low beta, both historically and ex ante, is consistent with that assumption.

− In addition to the risk to economic growth, sustained higher oil prices would lead to higher inflation, which would make it more challenging for the Fed to cut interest rates. There is a scenario where higher inflation does not result in a recession, due to offsetting fiscal stimulus, but could lead to higher interest rates. This, in turn, could pressure stocks, especially those trading at higher multiples. We believe our valuation discipline will hold us in good stead, as our portfolio trades at a reasonable multiple of earnings and free cash flow, relative to the growth rates and quality of those companies. If we were to experience a scenario similar to 2022, or a milder version of it, we believe our portfolio should be more resilient than the overall market.

− Aside from the macroeconomic concerns about higher inflation and a possible recession, AI's potential to disrupt certain business models remains a key area of debate for quality growth investors. The market has been, often indiscriminately, punishing stocks in some industries, such as software and data. Some of those companies are indeed at risk of being disrupted by AI. We have exited our positions in those companies whose business models are threatened by AI. We believe the names we continue to hold are more likely to benefit from AI, by lowering their software development costs and accelerating revenue growth by incorporating AI features.

− The market's often indiscriminate selling can potentially be a great opportunity for bottom-up investors to add value. We believe our portfolio is well-positioned to capture opportunities and we are highly optimistic about its forward return potential.

Performance drivers[1]

The Vontobel Fund - US Equity underperformed the S&P 500 Index during the quarter. Stock selection in the information technology sector was the largest detractor from relative performance, because of our overweight to software, followed by stock selection in the health care sector. On the positive side, stock selection in consumer staples and financials were the leading contributors to relative returns.

On an individual stock basis, Casey's General Store, Iron Mountain, and Akamai Technologies were the top contributors to absolute performance, while Microsoft, Intuit, and Boston Scientific were the largest detractors.

Shares of Casey's General Store rallied as the market favored companies with resilient business models amid heightened uncertainty caused by the war in Iran. The company benefits from its diversified revenue streams, which include convenience store and gas station businesses. The essential nature of its products makes it relatively resilient during challenging macroeconomic environments. Casey's reported solid fiscal third-quarter results in March and has recently benefitted from the success of its new chicken wing offering, which will be rolled out to over 500 stores to complement its existing pizza offering.

Iron Mountain's stock advanced after the company reported robust quarterly results. Its core business remains stable, while accelerated growth is being driven by its data center segment, which has benefited from strong leasing activity and favorable pricing trends. This has supported record margins and is expected to drive further margin expansion through 2026.

Akamai Technologies, a leading cybersecurity and cloud computing company, also rallied. In our view, the company is well-positioned to benefit from heightened demand for cybersecurity in an increasingly digital society. Its cloud infrastructure services business is experiencing accelerated growth, and the recent launch of Akamai Inference Cloud is designed to meet the growing need for scaling AI inference.

In contrast, shares of Microsoft sold off as investors speculated about potential disruption to its software business from AI. Although the company reported solid results across the board, its Azure cloud business, while exceeding guidance, fell short of even higher buy-side expectations. We continue to monitor the rapidly evolving AI landscape and its potential impact on the business, and we have reduced our position in the near term.

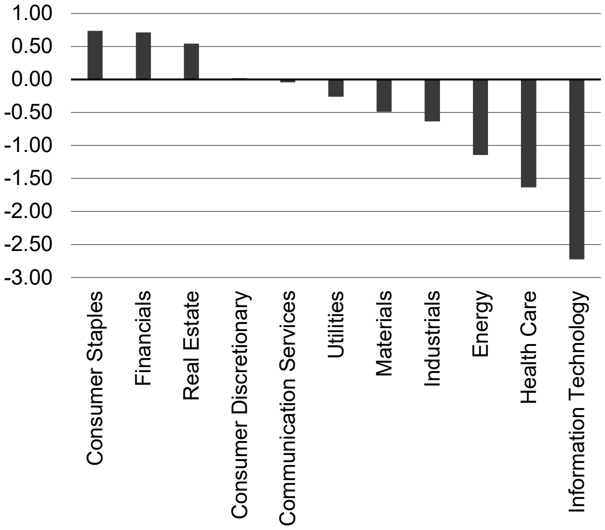
Similarly, Intuit declined as investors speculated about potential disintermediation by AI. However, given the nature of its solutions, such as tax and accounting services, and the critical importance of accuracy in these areas, we believe the company's competitive moat remains intact. Additionally, Intuit is proactively embedding generative AI into its products. For example, its QuickBooks product now offers AI-driven financial insights, virtual assistants for automating bookkeeping, and AI-powered forecasts and personalized financial recommendations to enhance user productivity. We believe these innovations will continue to support the company's long-term competitive advantage.

Boston Scientific's stock weakened despite delivering strong organic growth and exceeding earnings expectations. Investors focused on the electrophysiology (EP) business, which grew by 35% but fell short of consensus estimates due to increased competition. Although the company provided solid guidance, it did not meet investor expectations. We believe the sell-off is an overreaction, as the company's broad portfolio remains intact.

[1] Please see full list of top and bottom 5 contributors at the end of this commentary.

Attribution
Sector

Vontobel Fund – US Equity vs. S&P 500 - TR



Source: FactSet, MSCI
Attributions for the quarter ending 31.3.2026.
Based on cumulative gross performance (USD) of Vontobel Fund – US Equity. The gross rates of return are presented before the deduction of investment management fees, other investment-related fees, and after the deduction of foreign withholding taxes, brokerage commissions and transaction costs. An investor's actual return will be reduced by investment advisory fees. Country attribution based on top 5 / bottom 5 countries by total effect. **Past performance is not indicative of future results.**
Total Effect: The net effect of the allocation and selection effects. A single-period sector or country's geometric total effect is calculated by multiplying the product of one plus the allocation effect (AE/100 + 1) by one plus the selection effect (SE/100 + 1) and subtracting one from the result before multiplying by 100.

Portfolio changes[1]

When building portfolios, we believe it is important to strike a balance of quality companies with different characteristics. We therefore internally categorize quality companies into three buckets:

Leaders: higher growth "engines" of the portfolio, names exposed to secular drivers, typically at high valuations

Defenders: moderate growth, with high levels of durability and drawdown protection, the "seatbelts," typically at lower valuations than leaders

Opportunistic: high growth with a degree of cyclicality, lower predictability, but lower valuations, serve as the "accelerators"

We initiated positions in three companies in the industrials sector: Allegion and Emerson Electric, both of which we categorize as Opportunistic; and Cintas Corporation, which we consider a Leader.

Allegion is a global leader in security access solutions (locks). The company owns many well-known brands, such as Schlage, and holds a significant market share in the US. It has strong brand recognition and is a trusted name. Approximately 75% of its sales come from the commercial market, while the remaining sales are derived from the residential market. The company has delivered healthy margins and returns given its strong position in the industry. In addition to the financial metrics, Allegion also has many other good attributes, such as the adoption of electro-mechanical locks where penetration is still growing, which is another source of structural growth for the company. With door locks guided under building codes and existing relationships with specifiers (e.g., architects, engineers) an important factor, Allegion is able to flex its pricing power and its distribution advantage to continue gaining market share. Since a lot of the market is still very fragmented, we believe Allegion has a long tail of growth ahead through both organic and inorganic opportunities.

Emerson Electric is a leading player in the industrial automation space with a diverse portfolio of strong brands. Its Software and Control segment includes the recent acquisitions National Instruments (NI) and Aspen, both of which are leaders in their respective fields of test and measurement, and process automation software. The larger Intelligence Devices segment includes solutions used in automation, including sensors, control valves, and instrumentation. Emerson's portfolio provides mission-critical solutions that increase value for its customers, which makes them very sticky. The steadiness of the company's economics stems from the fact that 65% of its sales are exposed to MRO (maintenance, repair and operations) related spend on its huge installed base. Another 20% of its sales are related to modernization and expansion efforts by its customers. An additional positive attribute is the diversified end exposures, which span across industries, e.g., power, oil and gas, chemical, industrial, life sciences, semiconductor, aerospace and defense, metals and mining. The company's growth is supported by exposure to areas that are being driven by

Sector allocations are as of 31.3.2026 and based on the Vontobel Fund – US Equity.
[1] Purchases provided are the new purchases with positions greater than 50 basis points in the Vontobel Fund – US Equity for the period. Sells provided are all names that were fully liquidated in the Vontobel Fund – US Equity for the period. The holdings may not represent all of the securities purchased, sold, or recommended for advisory clients.

secular tailwinds like automation, electrification, energy security build out as well as exposure to aerospace and defense and health care.

Cintas Corporation operates within the outsourced facility services industry, delivering mission-critical uniform, safety, and compliance solutions to businesses. Its vertically integrated, route-based model enables high customer retention and strong unit economics driven by density advantages. The company's core economic engine is the Uniform Rental segment, which generates recurring revenue through long-duration service contracts. This model embeds Cintas deeply into customer operations, creating switching costs and enabling consistent pricing power. Over time, the company layers additional services – First Aid and Fire Protection – onto this base, increasing revenue per customer and enhancing lifetime value. The company's competitive advantage is rooted in its route density. As stop density increases, marginal costs decline, creating a self-reinforcing cost advantage that smaller competitors cannot replicate. This translates into structurally higher margins and return on invested capital (ROIC).

We exited our position in information technology company Adobe, which we considered a Leader, to reallocate capital to higher conviction opportunities. While the company continues to deliver on its current growth expectation, we have seen increased competitive intensity that is putting pressure on the company in the long run, which has intensified with innovation from AI-enabled competitors.

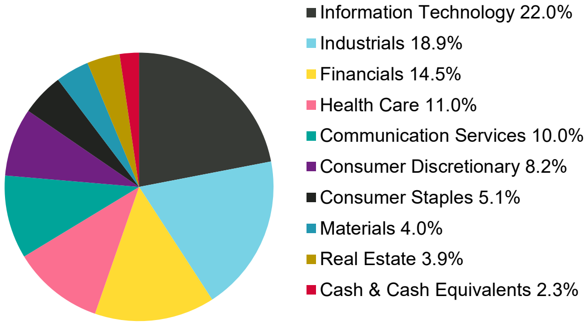
We sold consumer discretionary company Booking Holdings, which we categorized as a Leader. While online travel agencies (OTAs) continue to dominate travel searches currently, risks that AI will take some market share raise concerns over long term disruption. This comes on top of overall travel demand that is increasingly facing a difficult environment.

We sold materials company Ecolab, a Defender, to reallocate capital to other opportunities given stretched valuations and the company's higher exposure to raw material inflation risks. We continue to see the merits of its business and Ecolab remains in our research universe.

We exited our position in financials company Toast, which we considered Opportunistic, as we look for more resilient growth opportunities in a more difficult environment. With AI raising concerns around disruption risk, we reallocated capital to businesses where we find higher conviction in long-term resilience.

Allocation

Sector



Portfolio data

Top 10 holdings[1]

	SECTOR	COUNTRY	% OF PORTFOLIO
Microsoft Corporation	Information Technology	United States	6.3
Amazon.com, Inc.	Consumer Discretionary	United States	5.8
Alphabet Inc. Class A	Communication Services	United States	5.4
Waste Management, Inc.	Industrials	United States	4.5
Intuit Inc.	Information Technology	United States	4.3
Intercontinental Exchange, Inc.	Financials	United States	4.0
Boston Scientific Corporation	Health Care	United States	3.9
Mastercard Incorporated Class A	Financials	United States	3.8
Casey's General Stores, Inc.	Consumer Staples	United States	3.0
Meta Platforms Inc Class A	Communication Services	United States	3.0
Total			**44.1**

Characteristics

	U.S. EQUITY[1]	S&P 500
Market capitalization (USD B), weighted average	638.3	1228.7
P/E – forecast 12-month, weighted harmonic average	20.9	19.6
Dividend yield (%)	1.1	1.2
5-yr historical EPS growth (%)	12.9	15.1
Return on Equity, weighted average (%)	25.1	28.4

Risk statistics (5 years)

	U.S. EQUITY[2]	S&P 500
Annualized alpha	-3.3	–
Beta	0.8	1.0
Sharpe Ratio	0.2	0.6
Annualized standard deviation	13.7	15.3

Top 5 contributors[1] by security (3 months)

	SECTOR	AVERAGE WEIGHT (%)	CONTRIBUTION TO RETURN (%)
Casey's General Stores, Inc.	Consumer Staples	3.25	0.79
Iron Mountain Incorporated	Real Estate	2.53	0.44
Akamai Technologies, Inc.	Information Technology	1.48	0.39
Ferguson Enterprises Inc.	Industrials	3.22	0.28
Coca-Cola Company	Consumer Staples	2.59	0.26

Bottom 5 contributors[1] by security (3 Months)

	SECTOR	AVERAGE WEIGHT (%)	CONTRIBUTION TO RETURN (%)
Microsoft Corporation	Information Technology	6.28	-1.54
Intuit Inc.	Information Technology	3.67	-1.32
Boston Scientific Corporation	Health Care	2.76	-1.04
Adobe Inc.	Information Technology	1.85	-0.74
Workday, Inc.	Information Technology	1.43	-0.69

Top 5 contributors[1] by security (1 year)

	SECTOR	AVERAGE WEIGHT (%)	CONTRIBUTION TO RETURN (%)
Alphabet Inc.	Communication Services	5.95	3.29
Amphenol Corporation	Information Technology	2.39	1.69
Casey's General Stores, Inc.	Consumer Staples	2.63	1.34
IDEXX Laboratories, Inc.	Health Care	1.01	1.00
Ferguson Enterprises Inc.	Industrials	2.73	0.99

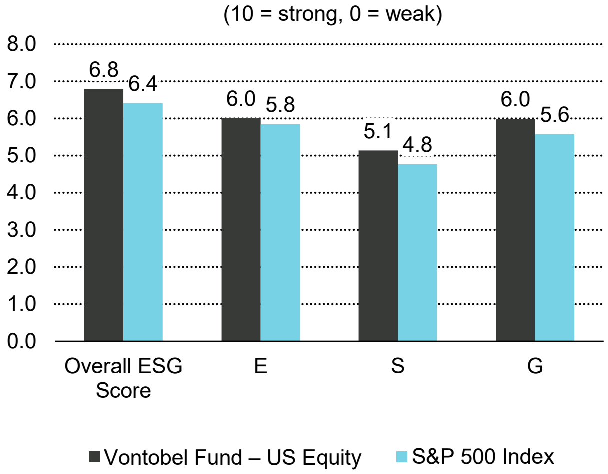
Bottom 5 contributors[1] by security (1 year)

	SECTOR	AVERAGE WEIGHT (%)	CONTRIBUTION TO RETURN (%)
Boston Scientific Corporation	Health Care	2.16	-1.12
Intuit Inc.	Information Technology	3.53	-0.98
Adobe Inc.	Information Technology	2.21	-0.91
Workday, Inc.	Information Technology	1.29	-0.86
Becton, Dickinson and Company	Health Care	0.29	-0.75

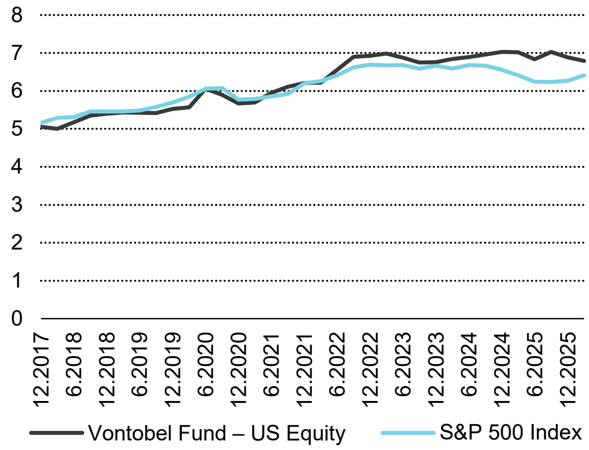
Portfolio data as of 31.3.2026
Source: FactSet. All returns are expressed in USD.
[1] Based on the Vontobel Fund – US Equity. Fund holdings and characteristics subject to change. The reader should not assume that an investment in the securities identified was or will be profitable. For more information on the calculation methodology or a complete list of holdings which contributed to overall performance during the period, please contact a Vontobel representative at ClientServices@vontobel.com.
[2] Based on gross performance of the Vontobel Fund – US Equity. The fund's gross rates of return are presented before the deduction of investment management fees, other investment-related fees, and after the deduction of foreign withholding taxes, brokerage commissions and transaction costs. An investor's actual return will be reduced by investment advisory fees.
Past performance is not indicative of future results.

ESG metrics

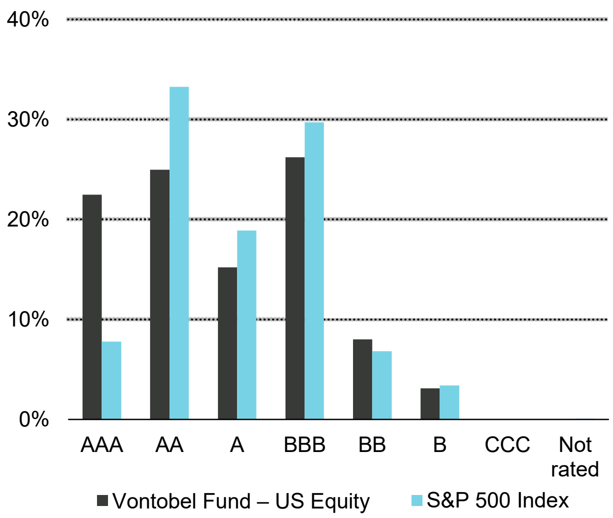
ESG (MSCI) scores[1]



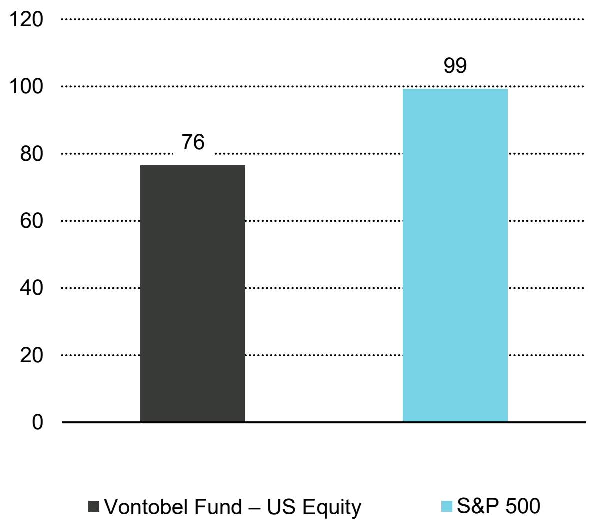
ESG (MSCI) scores[1] history



ESG (MSCI) rating distribution



Weighted average carbon intensity[2] (Scope 1+2)
(tons CO2e/$1M sales)



Past performance is not indicative of future results. As of 31.3.2026. Based on the Vontobel Fund – US Equity.
Source: MSCI ESG Research LLC, FactSet. ESG scores calculated by MSCI ESG Research LLC.
[1] MSCI ESG Overall Score methodology is calculated as a simple weighted average of issuer ESG ratings, where cash is excluded.
[2] Based on a company's most recently reported or estimated Scope 1 + Scope 2 greenhouse gas emissions.

Igor Krutov
Boutique Head, PM, Analyst
32 years in industry
24 years with Vontobel

Edwin Walczak
PM, Analyst
48 years in industry
38 years with Vontobel

Chul Chang, CFA
PM, Analyst
26 years in industry
17 years with Vontobel

Investment risks[1]

- A company's stock price may be adversely affected by changes in the company, its industry or economic environment and prices can change quickly. Equities typically involve higher risks than bonds and money market instruments.
- As the sub-fund focuses on companies that are domiciled and/or conduct the majority of their business in the US, it has a lower degree of risk diversification.
- 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.

[1] The listed risks concern the current investment strategy of the fund and not necessarily the current Portfolio. Subject to change, without notice, only the current prospectus or comparable document of the fund is legally binding.

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