Vontobel

Monthly commentary / 30.1.2026

Vontobel Fund – Swiss Franc Bond Foreign

Marketing document for institutional investors in: AT, CH, DE, ES, FR, GB, IT, LI, LU, PT, SE, SG (Professional Investors only).

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.

Market developments

The year 2026 began with the US carrying out a military strike against Venezuela and arresting President Nicolás Maduro and his wife. Many were stunned as US President Donald Trump justified the move as a means to reclaim vital oil resources, while Secretary of State Marco Rubio framed the intervention as a response to the indictment of a "criminal and illegitimate leader." Yet behind the scenes, the motivations were likely far more complex, laying the groundwork for a start to a year marked by heightened geopolitical tensions and economic uncertainty. As the dust from the attack began to settle, financial markets started to process the implications. Combined with the release of US PMI figures that fell short of expectations, the uncertainty surrounding Venezuela was omnipresent and triggered a brief rally in 10-year US Treasury bonds at the beginning of the reporting period. However, these gains proved short-lived, as markets soon had to absorb a wave of newly issued corporate bonds while also bracing for the upcoming release of labor market data. During this period of market weakness, Trump took to Truth Social, claiming that he had instructed his representatives to invest USD 2 billion in mortgage-backed securities to stabilize the market ahead of the employment report. When it was finally released, it painted a mixed picture. On the positive side, the unemployment rate edged slightly lower, reversing the previous month's increase, which had been driven by temporary layoffs related to the government shutdown. More concerning, however, was the sharp rise of 747,000 individuals working part-time for economic reasons, which cast a shadow over the labor market. Meanwhile, 10-year US Treasury yields moved sideways, while 2-year yields rose slightly, leading to a marginal flattening of the yield curve. At the Federal Open Market Committee (FOMC) meeting at the end of January, US Federal Reserve (Fed) Chair Jerome Powell refrained from providing new guidance, emphasizing that the Fed's base case still includes further rate cuts should unemployment rise or inflation decline. The current policy rate was described as "slightly neutral" or "somewhat restrictive." Powell appeared less concerned about the labor market, as the unemployment rate is expected to remain stable, but he did highlight ongoing uncertainties based on survey data. A rise in unemployment could lead to additional rate cuts, particularly if the pattern of recent years repeats, where labor market data remain stable through winter but weaken in the spring and summer. In our view, even if the unemployment rate holds steady, a cooling in inflation – particularly due to fading tariff effects – could give the FOMC the flexibility to cut rates in the second half of the year. Across the Atlantic, the Eurozone's year began with a series of consumer price index (CPI) releases. Inflation in Germany, for instance, fell to a 16-month low of 2% year-on-year, triggering a brief rally in Bunds. However, stronger-than-expected German factory orders quickly reversed these gains. In the UK, a government consultation on expanding the Bills market suggested a shift away from long-term issuance, supporting the long end of the Gilt curve and temporarily flattening yields. Ultimately, however, the Gilt market could not escape the upward pull of Japanese rates, as detailed below. In addition, better-than-expected economic data – including PMI figures, consumer confidence, and retail sales – weighed on UK bond prices. At the start of the reporting period, markets had priced in only a minimal chance of a rate hike by late 2026, but the published inflation figures raised doubts about the satisfaction previously expressed by Isabel Schnabel in market expectations that the European Central Bank's (ECB) next move would be a rate hike. Moreover, in mid-January, ECB Chief Economist Philip Lane reiterated that the base case outlined in December, namely that inflation would remain within the target range over several years, still held. The ECB also continues to expect that this scenario will be supported by growth near potential and low, but declining, unemployment. Against this backdrop, there is therefore no reason to discuss interest rates. As ECB President Christine Lagarde has repeatedly emphasized, the ECB is in a "good position," and in our view, there is no reason to expect any near-term change in monetary policy or communication. In Japan, the auction of 30-year government bonds (JGBs) delivered solid results at the beginning of the reporting period, driven by strong foreign demand. However, with further auctions of ultra-long bonds scheduled for later in the month, concerns about the market's absorption capacity remained. Meanwhile, rumors of snap elections pushed JGB yields higher, with the 30-year yield reaching an all-time high of 3.88%. Back in the US, the Fed came under pressure. Fed Chair Powell faced the possibility of criminal charges related to renovation work at the Fed's headquarters,

further undermining the institution's independence. In this environment, markets quickly ruled out a rate cut in January. At the same time, speculation over Powell's successor intensified. Trump's statement that Kevin Hassett's departure would be a loss for the administration effectively ruled him out, and ultimately, Trump's choice fell on Kevin Warsh. Throughout January, markets remained volatile. US Treasury yields initially rose in line with JGB yields, only to retrace following weaker-than-expected consumer and producer inflation data. Then, geopolitics once again moved into the spotlight. Trump threatened eight European countries with a 10% tariff unless the US gained control over Greenland – a demand that sent shockwaves through diplomatic circles. Meanwhile, Japan's Prime Minister Sanae Takaichi announced plans to suspend the value-added tax on food and called for snap elections, further unsettling bond markets. Some relief came from statements by Japan's Finance Minister Satsuki Katayama emphasizing fiscal responsibility, as well as from the fact that Trump ultimately withdrew his tariff threat linked to Greenland.

Portfolio review

At the end of January, the fund's assets stood at around CHF 125 million. Overall, we remained more heavily invested in corporate bonds than the benchmark. We sold some bonds that we considered expensive and selectively added positions from primary and secondary markets. We continue to maintain a slight underweight in bonds with maturities of over 15 years, as we consider their risk/return profile unattractive. As of the end of January, the fund's cash position was 1.93% (previous month: 2.76%). Duration stood at 4.54 years (4.46), slightly above that of the benchmark at 4.51 years (4.48). The breakdown by rating category was as follows: AAA 17.03% (18.38%), AA 15.12 (17.85%), A 38.49% (36.08%), BBB 26.05% (23.54%), and BB 1.38% (1.39%). The average rating of the bonds held in the fund was a solid A and the benchmark's is AA-.

Performance analysis

The fund (I share class) generated a positive total return in January and outperformed the benchmark slightly gross and net. The portfolio's term structure positioning, especially on the 7-15-year bucket, contributed positively due to decreased rates in that rate segment. In addition, our higher credit risk exposure as well as our activity in both the primary and secondary markets also generated a positive contribution to relative performance.

Outlook

Global growth remains broadly stable, though it continues to be accompanied by elevated uncertainty. In the US, economic momentum remains robust, with a slight tendency toward acceleration, while the labor market appears largely frozen, as job creation is limited, but layoffs are also absent. However, the still somewhat restrictive interest rate environment, geopolitical tensions, and potential supply chain disruptions represent key downside risks. In the Eurozone, US trade policy barriers continue to weigh on economic activity, while rising fiscal stimulus – driven by higher investment in defense and infrastructure – is increasingly expected to support growth. In Switzerland, growth remains subdued, although the recent reduction in US tariffs has slightly improved the outlook for export-oriented sectors and modestly strengthened forecasts for 2026. Due to tariffs, there remains potential for temporary, moderate upward pressure on goods prices in the US. However, this effect is likely to be limited by weakening consumption dynamics stemming from rising job insecurity. On the supply side, despite potential geopolitical tensions, we do not expect significant commodity shortages that could materially fuel inflation. We estimate that goods prices in the Eurozone will continue to be slightly disinflationary as a result of US tariff policy, as Chinese goods that can no longer be absorbed by the US market are increasingly redirected toward Europe. For Switzerland, we expect inflation to remain at the lower end of the Swiss National Bank's target range.

Fund characteristics

Fund name	Vontobel Fund – Swiss Franc Bond Foreign
ISIN	LU0278084768
Share class	I CHF
Reference index	SBI® Foreign Rating AAA Total Return to 5.5.2025, SBI® Foreign Rating AAA-BBB Total Return thereafter
Inception date	12.6.2008

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Historical performance (net returns, in %)

Time period	Fund	Ref. index
MTD	0.7%	0.7%
YTD	0.7%	0.7%
1 year	1.7%	1.5%
3 yrs p.a.	3.1%	2.8%
5 yrs p.a.	-0.1%	-0.3%
10 yrs p.a.	0.1%	0.0%
ITD p.a.	1.8%	1.8%

Time period	Fund	Ref. index
2025	0.7%	0.4%
2024	4.7%	4.4%
2023	5.1%	4.6%
2022	-9.7%	-9.3%
2021	-1.3%	-1.4%
2020	0.0%	0.4%
2019	2.3%	1.6%
2018	-1.2%	0.1%
2017	-0.2%	-0.2%
2016	1.4%	0.5%

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

- Asset-backed and mortgage-backed securities, and their underlying receivables are often intransparent. The sub-fund may also be subject to a higher credit and/or prepayment risk.
- Securities with a lower credit quality means a higher risk that an issuer may fail to meet its obligations. The investment value may fall if an issuer's credit rating is downgraded.
- CoCo-Bonds may entail significant risks such as coupon cancellation risk, capital structure inversion risk, call extension risk
- Using derivatives generally creates 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. 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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