Vontobel

Monthly commentary / 30.1.2026

Vontobel Fund – TwentyFour Strategic Income Fund

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

Summary

— January was dominated by heightened volatility in global bond markets, led by significant moves in Japanese government bond yields, which rose to multi-decade highs. Equities also experienced significant volatility amid geopolitical uncertainty and shifting policy expectations, while credit markets remained relatively resilient. US markets were shaped by inflation data and shifting expectations around the Federal Reserve's leadership.

— The Fund was well positioned to navigate market volatility, generating strong returns. Bank Additional Tier 1s (AT1s) were again the biggest contributor to performance as European banks continued to benefit from a strong technical amid solid earnings growth. There were no detractors over the month, although government bond performance lagged credit.

— Market conditions are likely to continue to be shaped by heightened rate volatility and ongoing geopolitical uncertainty. However, global growth should remain broadly resilient and inflation is expected to continue to moderate, supporting expectations that major central banks will maintain a cautious and largely accommodative policy stance. Portfolio positioning continues to favour high-quality, higher-rated assets and a disciplined approach to duration risk.

Market developments

January was dominated by heightened volatility in global bond markets, led by significant moves in Japanese government bond (JGBs) yields, which rose to multi-decade highs as the 10-year yield reached around 2.35% and the 30-year yield peaked at 3.85%. The increases in JGB yields were driven by election-related domestic uncertainty, weak bond auctions and continued speculation around the implementation of further monetary policy tightening by the Bank of Japan. These moves spilled over into other developed market sovereign bonds and contributed to elevated global rate volatility.
Equities also experienced significant volatility amid geopolitical uncertainty and shifting policy expectations. Equity markets initially rallied, with the S&P 500 Index reaching a new high, before they became more unsettled following tariff threats and well-documented developments related to Greenland and Venezuela. Credit markets remained relatively resilient, with investment grade and high yield spreads broadly contained. Primary issuance stayed elevated while attracting strong investor demand.
US markets were shaped by inflation data and shifting expectations around the Federal Reserve's (Fed) leadership. The core Consumer Prices Index (CPI) rose by 0.24% month on month, which was slightly below expectations, while headline inflation remained steady at 2.7% year on year, supporting the view that inflationary pressures were easing. Nevertheless, Treasury yields moved higher over the month, with the 10-year yield peaking at almost 4.3%, which reflected political uncertainty around potential nominees to become the next Fed chairman. President Donald Trump's nomination of Kevin Warsh late in the month contributed to a further steepening of the yield curve and a cross-asset sell-off on the final trading day of the month, which saw gold post its largest daily decline since 2013 at 8.95% and silver register its largest daily fall since 1980 at 26.4%.

Portfolio review

At the time of writing, the Fund's interest rate duration was about 4.25 years, which compared with about 4.0 years at the beginning of December, with the increase coming via extensions along the credit curve. The team remains highly selective as to how this is achieved, focusing on higher-quality areas of credit where it is possible to pick up both a spread and a rate component given the steepness of government bond yield curves.
While bond yields have increased in the year to date, driven by longer-dated JGBs and fears about the Fed's independence, the portfolio managers largely view pricing across curves as fair. Terminal rate expectations in the US and Europe have increased slightly, although not to a level the team would consider cheap, while risk premiums further down the curve could continue to rise if JGB volatility does not abate or if President Trump sustains his attack on the Fed. The Fund's exposure to government bonds has remained the same at 17%, although it comprised a more balanced position in 10-year US Treasuries and 10-year German bunds following a 2% switch from the former to the latter. The move, which left each position at 8.5% of the Fund, reflected a more neutral risk-reward outlook at current valuations.

Performance analysis

The Fund was well positioned to navigate market volatility, generating strong returns in January. Bank Additional Tier 1s (AT1s) were again the biggest contributor to performance as European banks continued to benefit from a strong technical amid solid earnings growth. From a fundamental perspective, the banking sector in Europe is in the strongest place it has ever been. Capital ratios are at record levels, while non-performing loans are, on average, less than 2% of total assets (versus 8% plus a decade ago). There were no detractors over the month. However, government bond performance lagged credit as a combination of geopolitical uncertainty, the sell-off in JGBs and fears about the erosion of the Fed’s independence weighed on risk-free assets and kept yields elevated.

Outlook

Market conditions are likely to continue to be shaped by heightened rate volatility and ongoing geopolitical uncertainty. Despite these headwinds, global growth should remain broadly resilient and inflation is expected to continue to moderate, supporting expectations that major central banks will maintain a cautious and largely accommodative policy stance. In this environment, portfolio positioning continues to favour high-quality, higher-rated assets and a disciplined approach to duration risk. Although credit spreads remain tight, absolute yield levels are still attractive, offering opportunities to generate income from fundamentally strong issuers. With elevated carry and supportive technical factors, maintaining meaningful exposure to fixed income remains preferable.

Fund characteristics

Fund name	Vontobel Fund – TwentyFour Strategic Income Fund
ISIN	LU1322871390
Share class	I GBP
Reference index	–
Inception date	30.11.2015

Historical performance (net returns, in %)

Time period	Fund	Ref. index
MTD	0.9%	–
YTD	0.9%	–
1 year	7.1%	–
3 yrs p.a.	7.7%	–
5 yrs p.a.	2.9%	–
10 yrs p.a.	4.4%	–
ITD p.a.	4.1%	–

Time period	Fund	Ref. index
2025	7.2%	–
2024	9.0%	–
2023	9.9%	–
2022	-12.7%	–
2021	2.1%	–
2020	7.5%	–
2019	9.4%	–
2018	-2.5%	–
2017	8.8%	–
2016	5.6%	–

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

- 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.
- Asset-backed securities and their underlying receivables are often intransparent. The sub-fund may also be subject to a higher credit and/or prepayment risk.
- 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.
- CoCo-Bonds are associated with significant risks, including the risk of coupon payments being cancelled, capital structure inversion risk, and the risk of a CoCo-Bond's maturity being extended.

— 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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