Vontobel Fund – mtx Asian Leaders (ex Japan)

Marketing document for institutional investors in: AT, CH, DE, ES, FI, FR, GB, 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

- Asian equities remained under pressure in July, with the MSCI AC Asia ex Japan 10/40 Index declining 2.9%, while the MSCI World Index gained 0.5%.
- The mtx Asian Leaders (ex Japan) fund returned -4.0% (gross of fees) during July 2026.
- The fund underperformed the benchmark by approximately 1.1% (gross of fees) during the month.

Market developments

MSCI AC Asia ex Japan 10/40 Index declined by 2.9% in 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 Asia remained dispersed. Macau (+15.0%), Indonesia (+10.7%) posted strong gains supported by improving investor sentiment, renewed foreign inflows, and rotation away from crowded AI-related trades. In contrast, South Korea (-17.7%) significantly underperformed, followed by Taiwan (-7.2%) as technology-heavy North Asian markets bore the brunt of the AI-driven sell-off.

Sector performance reflected a pronounced rotation away from technology. Consumer Discretionary (+14.7%), Real Estate (+9.3%) and Financials (+8.5%) were the strongest-performing sectors, benefiting from the rebound in Chinese internet stocks and stronger domestic demand trends across Asia. In contrast, Information Technology (-15.3%) was by far the weakest sector, with the correction concentrated in Korea and Taiwan, where investors reassessed the sustainability of AI-related earnings expectations despite continued upgrades to consensus forecasts. Notably, analysts continued to revise earnings expectations higher across the region, particularly in Korea, Taiwan, and selected Chinese technology and consumer sectors.

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.

Portfolio review

The mtx Asian Leaders (ex Japan) strategy underperformed its benchmark in July, with both stock selection and asset allocation detracting from relative performance.

At the country level, selection in China was the largest detractor, reflecting weakness among several high-conviction holdings exposed to China's AI and semiconductor supply chain. This was partially offset by positive selection effects in Taiwan, Hong Kong and South Korea despite the broad technology sell-off.

From a sector perspective, stock selection was strongest in Information Technology, Communication Services, and Consumer Discretionary, while Financials, Materials and Industrials detracted most. Key contributors included Western Mining, Wiwyinn, and Tencent, while the largest detractors were China Jushi, Alchip Technologies and Naura Technology, reflecting the sharp sell-off across AI-related and technology stocks during the month.

Asset allocation also detracted from performance. The largest negative allocation effects came from the portfolio's lack of exposure to Singapore and our overweight in South Korea. This was partly offset by positive allocation effects from the portfolio's overweight position in China and Hong Kong, which benefited from the rebound in Chinese internet and platform companies.

At the end of July, the portfolio consisted of 41 companies across 42 holdings, reflecting dual share-class positions in 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 sharp correction across AI-related hardware, semiconductor, and electronic materials stocks, while Chinese internet and platform companies generated strong gains. The strongest contributors were Western Mining (+42.4%), Wiwynn (+14.6%), and Tencent Holdings (+10.6%). Western Mining benefited from stronger commodity prices and improved sentiment towards metals producers. Wiwynn benefited from company specific catalysts and plans on capacity expansion. Tencent advanced on resilient fundamentals, with continued strength across its gaming, advertising, and ecosystem businesses.

On the downside, China Jushi (-47.8%), Alchip Technologies (-

27.8%) and Naura Technology (-21.9%) were the largest detractors. China Jushi gave back a substantial portion of its earlier gains as investors reduced exposure to AI-related supply-chain beneficiaries and electronic materials names. Naura Technology declined alongside the broader semiconductor equipment sector as concerns around AI positioning and elevated valuations triggered profit-taking. In Taiwan, Alchip Technologies fell, making it one of the worst-performing Taiwan tech names, driven by the broad semiconductor sell-off.

Overall, performance reflected the market's rotation away from semiconductor and AI-related beneficiaries towards Chinese internet and platform companies. While gains from Western Mining, Alibaba, and Tencent provided meaningful support, they were insufficient to offset weakness across the portfolio's technology and semiconductor holdings, resulting in a challenging month for overall portfolio performance.

Outlook

The outlook for Asian equities remains constructive, supported by resilient economic growth, strong earnings momentum and attractive relative valuations. Consensus expects earnings growth across Asia to remain significantly ahead of developed markets, reinforcing the region's long-term 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, Taiwan and China expected to lead growth. 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. 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. 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 Asian equities.

The AI capex cycle remains the single most important swing factor for Asian equities heading into Q3, with Korea and Taiwan acutely exposed to any deceleration in hyperscaler spending. The base case remains constructive, but a prolonged slowdown in AI infrastructure spending could weigh on demand for semiconductors, high-bandwidth memory and related components.

Trade policy also represents a growing source of uncertainty. New tariff measures have the potential to disrupt global trade flows and weigh on export-oriented Asian economies.

Fund characteristics

Fund name	Vontobel Fund – mtx Asian Leaders (ex Japan)
ISIN	LU0384410279
Share class	I USD
Benchmark	MSCI All Country Asia (ex Japan) TRN to 5.5.2025, MSCI AC Asia ex Japan Index 10/40 TRN USD thereafter
Inception date	17.11.2008

Historical performance (net returns, in %)

Time period	Fund	Benchmark
MTD	-4.3%	-2.9%
YTD	24.7%	21.1%
1 year	44.7%	35.8%
3 yrs p.a.	20.4%	20.0%
5 yrs p.a.	7.6%	8.0%
10 yrs p.a.	10.5%	9.8%
ITD p.a.	12.0%	10.8%

Time period	Fund	Benchmark
2025	33.2%	31.3%
2024	10.3%	12.0%
2023	5.6%	6.0%
2022	-24.2%	-19.7%
2021	-4.2%	-4.7%
2020	26.4%	25.0%
2019	18.8%	18.7%
2018	-16.4%	-14.8%
2017	55.6%	41.7%
2016	5.5%	5.4%

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

— 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.
— 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.
— Investments in Chinese A-Shares are subject to changes in political, economic and social conditions in China as well as changes in the policies of the PRC government, laws and regulations.
— 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 also includes sustainability criteria in its investment process. This may mean that the sub-fund's performance is more positive or negative than a conventionally managed portfolio.
— 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.

Fund documentation or included within the Fund's investment objective, information herein does not imply that the Fund has an ESG-aligned investment objective, but rather describes how ESG criteria and factors are considered as part of the overall investment process.

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