

Monthly commentary / 30.1.2026

Vontobel Fund – Euro Corporate Bond

Marketing document for institutional investors in: AT, CH, DE, 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.

Market developments

Welcome to February, and what a start of the year it has been. We had anticipated more surprises, and so this expectation has been met so far. Thankfully, most of these developments have been geopolitical in nature, and while they can be unsettling, they should not have any long-term negative impact on valuations, like in past episodes. Riskier markets absorbed these surprises in a resilient way in January, thanks to a solid macroeconomic backdrop and solid corporate earnings. Our most recent outlook, published this month, highlights our expectation that these supportive trends are likely here to stay throughout 2026. Rate cuts are expected to continue, liquidity is plentiful, and a favorable growth impulse seems underway. The US's "One Big Beautiful Bill" tax reimbursements from the second quarter, fiscal expansion in Germany, AI spending, and productivity boosts should all contribute to this supportive foundation for the year ahead.

Moreover, while geopolitical events and volatility can be unsettling, especially in relation to the rhetoric around Greenland, we may ultimately come to welcome what may be seen as missteps of the US administration, as they could help re-energize the push for much-needed structural change and deeper integration in Europe. We understand that former European Central Bank (ECB) President Mario Draghi will join EU leaders at a retreat on February 12, with European Council President António Costa seeking to accelerate and expedite the implementation of his competitiveness report. This agenda spans decarbonization and reduced energy dependency to help lower high energy costs for industries, the reduction and streamlining regulatory burdens and decision-making processes, the simplification and unification of telecoms and utilities infrastructure to make room for greater capital expenditure, substantial digital investments to improve competitiveness, and financial reform, including the completion of the Capital Markets Union, which would tip the balance in favor of joint debt. Together, these measures could lift the European Union's growth potential, enhance its competitiveness, and further strengthen a positive environment for European assets.

In the US, the Federal Open Market Committee (FOMC) held its first meeting of the year, which proved to be a relatively uneventful one, as the Committee left interest rates unchanged.

Chair Jerome Powell also refrained from providing guidance for the next meeting and avoided any political commentary, including references to himself, Fed Governor Lisa Cook, or the independence of the US Federal Reserve (Fed). His message on the economy was that US growth performed well last year and entered 2026 on solid footing, supported by a consumer sector that remains resilient. He said that the unemployment rate is broadly stable, with some signs of stabilization, though the underlying message suggested that the Committee remains uncertain about developments in the labor market. The inclination is that some softening may be underway, while inflation was described as elevated. That said, he stated that the current federal funds rate target sits at the upper end of the plausible neutral range and is positioned to guide inflation lower, while reiterating his view that tariff-induced inflation would be transitory. The baseline expectation for the target range to reach as low as 3% this year is therefore unchanged, implying two additional rate cuts, although further weakness in the jobs market could provide grounds for deeper easing, in line with views expressed by Fed Governor Chris Waller. In other developments related to the Fed, the US Supreme Court began hearing deliberations on the case seeking the dismissal of Lisa Cook, following unproven allegations of mortgage fraud. The justices expressed reluctance to rule on the major constitutional issues raised by the case and seemed surprised by how the matter had been handled in "such a hurried manner." The Court also voiced concern over the potential consequences of granting presidents too much leeway to remove governors. The case is ongoing, and the initial findings are considered encouraging for the preservation of Fed independence, also in light of the most recent Department of Justice criminal investigation involving the central bank.

As of this writing, we understand that the nomination of the new Fed chair is imminent and scheduled for January 30. News wires have reported that the White House is preparing to nominate Kevin Warsh after a meeting with US President Donald Trump the previous day. A former member of the Board of Governors and now a clear front-runner, we believe Warsh should not necessarily be seen as structurally dovish, even though he has recently argued in favor of lower rates. During the Global Financial Crisis, he often adopted more

hawkish positions than his peers and opposed the Fed's 50-basis-point (bps) rate cut in September 2024. Although he may support lower rates paired with a smaller balance sheet, such a policy mix would likely require regulatory changes that seem unlikely in the near term, according to Deutsche Bank economic research, as bank reserve requirements would need to be lowered. More generally, we believe that any new Fed chair, including Warsh, would need to establish independence and inflation-fighting credibility, making a sharp policy shift unlikely in the near term. This is especially the case given that the Chair holds only one vote among 12 and that divergence among FOMC members has increased recently. We would anticipate his nomination should therefore be supportive for markets, as he is widely regarded as credible. It is worth noting that former Bank of England Governor Mark Carney has endorsed this choice.

Turning to Europe, activity on the monetary policy front has been relatively quiet, as the next ECB meeting is scheduled for February 5. Incoming fourth-quarter data indicates that Eurozone growth held steady and came in slightly better than expected, at 0.3% versus an anticipated 0.2%. The European consumer seems to be regaining confidence, given a recovery in car sales, while on the industrial side, German factory order data suggests that the rebound is being driven by domestic demand, which is quite encouraging. We believe European industries are poised to start finding their footing again throughout the year as German fiscal measures ramp up.

Inflation, meanwhile, has remained broadly stable across Europe, with headline inflation printing at 1.9% year over year in December and just below the ECB's 2% target and close to that level for some time now. The sustained decline of the US dollar is being closely monitored by the ECB's Governing Council, as euro strength is one of the factors guiding policy decisions, as well as its effect on inflation. The ECB could consider another interest-rate cut should further appreciation of the euro begin to influence its inflation forecasts. The January inflation print, due to be released the day before the next ECB meeting, will be watched with interest.

European credit markets successfully navigated the forceful rhetoric that came from the US administration in January and remained quite resilient. The main investment-grade (IG) index (Bank of America ER00) finished the month at a spread level of 72bps from 78bps at the beginning of the year. We have observed constant spread narrowing in the secondary market. The high volumes of new issues of circa EUR 110 billion in January alone – one of the highest January monthly volumes on record – were met with sustained strong demand. The good performance in senior structures was generally broad-based, with the best sectors being autos (-12bps), senior banking, financials, real estate, and transportation at -7bps, with the remaining sectors not far behind. For subordinated instruments, where net issuance is anticipated to be light this year, sub financials tightened 8bps to 24bps, while corporate hybrids were at -9bps on average. European industrial BBs were more subdued at only -4bps, while government benchmark yields were flat to just slightly wider.

We conclude this market review by reiterating a previous observation regarding artificial intelligence (AI) and the potential for associated surprises in 2026. European companies are major adopters of AI relative to their US counterparts (nearly 70% versus the low-40% range in the US, according to a

year-end publication from Morgan Stanley Equity Research), aiming to improve productivity. This could result in further service disinflation without generating outright employment weakness. Indeed, Europe faces a challenging demographic outlook, and such developments could also prompt a reassessment at the ECB. We have long maintained that the digital revolution is likely to generate disinflationary pressures, assuming supply chains remain undisrupted, and we continue to uphold this view in light of recent AI developments.

Portfolio review

In January, we added two Central & Eastern European utility senior notes with good network systems (one in secondary and one in primary) at compelling spreads, supported by resilient electricity demand. In hybrids, we rotated out of a tight-trading European telecom line into a Nordic real-estate hybrid priced off a 6x-oversubscribed book; it has traded well in secondary and continues to offer attractive carry. We also increased exposure to a pan-European logistics developer via a newly issued, intermediate-dated senior note. While the issuer has been active in bonds before, we participated in one of its new issues for the first time last year, and that deal went on to be among the real-estate complex's best performers. The name remains less widely followed in the EUR market and still trades with a modest familiarity premium, leaving room for further spread compression, in our view.

Performance analysis

The Vontobel Fund – Euro Corporate Bond (I Share Class) marginally underperformed its benchmark in January. Performance drivers were mixed: security selection was positive, allocation effects were broadly flat, and the curve contribution detracted.

In terms of selection, gains were led by banking, particularly higher-beta subordinated notes (AT1/T2), with additional support from telecommunications (hybrids), insurance (RT1/T2), and autos, where BB-rated names outperformed. Utilities and real estate also contributed modestly. Detractors on selection were limited.

In terms of allocation, small positives from our positions in transportation and insurance were offset by modest drags from underweights in utilities, consumer goods, and healthcare leaving allocation effects overall flat for the month. The curve effect was negative, reflecting our curve stance during a rates backdrop that did not favor our positioning in January.

Outlook

With the OBBB tax reimbursements expected from next spring in the US, German fiscal expansion, and increased defense spending in the Euro Area, the potential for growth is likely to improve in 2026, as highlighted by the revised growth forecasts released by the ECB last December. While the economic backdrop remains key to the credit market, we would also point to other aspects of the supportive framework, including the continued abundance of cash or cash-like assets, lower borrowing costs, and greater productivity. These factors could push companies to continue upgrading guidance, along with the absence of any major re-leveraging. This means that we don't believe the benign environment will shift meaningfully in the first few months of the year at least, which could allow spreads to converge slightly lower still, beyond the low-70bps levels last seen in 2018.

The fact that spreads are tighter does not mean they cannot continue to improve, in our view. The ECB's terminal rate should stay high enough to ensure that overall credit yields remain attractive for some time, and retail investors are likely to continue seeking alternatives to money market instruments. This dynamic is poised to ultimately keep spreads tight for longer, or even drive further narrowing, supported by healthy yield-driven demand.

Supply wise, analysts forecast gross supply of EUR investment-grade non-financial issuance to rise by about 5% to EUR 380 billion. However, total redemptions are also expected to increase to EUR 280 billion in 2026 (from EUR 250 billion in 2025), implying an unchanged net supply of approximately EUR 100 billion relative to 2025 – levels that don't appear extreme compared with those seen over the past few

years. At the sub level, conditions should remain supportive, with forecast net issuance of AT1s at around EUR 12 billion, corporate hybrids at EUR 10 billion, insurance subs at EUR 8 billion, and negative net new issuance in lower tier twos (- EUR 10 billion).

We therefore remain comfortable staying down in seniority at the start of the year, where we continue to see good carry value, and we maintain our current overweight exposures to subordinated structures such as hybrids and AT1s. More generally within our fund, we continue to favor the belly of the curve (6-10 years) and non-cyclical industrials, while also beginning to explore pockets of opportunities in utilities credit (with strong energy storage and network systems, for instance) that offer attractive spread pick-up.

Fund characteristics

Fund name	Vontobel Fund – Euro Corporate Bond
ISIN	LU0278087860
Share class	I EUR
Reference index	ICE BofAML A-BBB Euro Corporate Index
Inception date	13.7.2007

Historical performance (net returns, in %)

Time period	Fund	Ref. index	Time period	Fund	Ref. index
MTD	0.8%	0.8%	2025	3.2%	3.1%
YTD	0.8%	0.8%	2024	5.2%	4.8%
1 year	3.5%	3.4%	2023	8.5%	8.2%
3 yrs p.a.	4.9%	4.9%	2022	-15.2%	-14.0%
5 yrs p.a.	0.1%	0.1%	2021	-0.6%	-0.9%
10 yrs p.a.	1.8%	1.5%	2020	3.9%	2.8%
ITD p.a.	3.2%	2.9%	2019	8.8%	6.6%
			2018	-2.9%	-1.3%
			2017	4.1%	2.6%
			2016	4.4%	4.8%

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 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.
- 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.
- CoCo-Bonds may entail significant risks such as coupon cancellation risk, capital structure inversion risk, call extension risk.

- 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, ES, FI, FR, GB, IE, IT, LI, LU, NL, NO, PT, SE, SG (Professional Investors only). 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/, the information agent in **Liechtenstein**: LLB Fund Services AG, Aülestrasse 80, FL-9490 Vaduz. 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. **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. **Ireland**: It is the responsibility of any person in possession of this document and any related materials to inform himself of and to observe all applicable laws and regulations of the countries of his nationality, residence, ordinary residence, or domicile. If you are in any doubt about the contents of this document, you should consult your own legal, financial and/or tax advisors. This Fund shall only be marketed to professional investors in Ireland and shall not be marketed to retail investors. Neither the Fund nor the investment has been authorized by the Central Bank of Ireland. If a prospective investor is not interested in making an investment, this document should be promptly returned. This document does not, and shall not be deemed to, constitute an invitation to the public in Ireland to subscribe shares in the Fund. No person receiving a copy of this document may treat it as constituting an invitation to them to subscribe shares in the Fund or a solicitation to anyone other than the addressee. The offer for subscribe shares in the Fund shall not be made by any person in Ireland otherwise than in conformity with the provisions of the Financial Instruments Directive 2014/65/EC ("MiFID") and in accordance with any codes, guidance or requirements imposed by the Central Bank of Ireland thereunder. **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. Please note that certain sub-funds are exclusively available to qualified investors in Andorra or **Portugal**. 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 fund and its sub-funds are not available to retail investors in **Singapore**. Selected sub-funds of the fund are currently recognized as restricted schemes by the Monetary Authority of Singapore. These sub-funds may only be offered to certain pre-

scribed persons on certain conditions as provided in the “Securities and Futures Act”, Chapter 289 of Singapore. This document was approved by Vontobel Pte. Ltd., which is licensed with the Monetary Authority of Singapore as a Capital Markets Services Licensee and Exempt Financial Adviser and has its registered office at 8 Marina Boulevard, Marina Bay Financial Centre (Tower 1), Level 04-03, Singapore 018981. This advertisement has not been reviewed by the Monetary Authority of Singapore. The fund is not authorized by the Securities and Futures Commission in **Hong Kong**. It may only be offered to those investors qualifying as professional investors under the Securities and Futures Ordinance. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution and if you are in doubt about any of the contents of this document, you should obtain independent professional advice. This document was approved by Vontobel (Hong Kong) Ltd., which is licensed by the Securities and Futures Commission of Hong Kong and provides services only to professional investors as defined under the Securities and Futures Ordinance (Cap. 571) of Hong Kong and has its registered office at 1901 Gloucester Tower, The Landmark 15 Queen’s Road Central, Hong Kong. This advertisement has not been reviewed by the Securities and Futures Commission. The fund authorized for distribution in the **United Kingdom** and entered into the UK’s temporary marketing permissions regime can be viewed in the FCA register under the Scheme Reference Number 466625. The fund is authorized as a UCITS scheme (or is a sub fund of a UCITS scheme) in a European Economic Area (EEA) country, and the scheme is expected to remain authorized as a UCITS while it is in the temporary marketing permissions regime. This information was approved by Vontobel Asset Management S.A., London Branch, which has its registered office at 3rd Floor, 70 Conduit Street, London W1S 2GF and is 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. The KIID can be obtained in English from Vontobel Asset Management S.A., London Branch, 3rd Floor, 70 Conduit Street, London W1S 2GF or downloaded from our website vontobel.com/am.

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