

Vontobel Fund II – Fixed Maturity Emerging Markets Bond 2026

Seeking to generate consistent income
over the coming five years



—
Sergey Goncharov
Lead Portfolio Manager

**“In a low-yield world,
income is not dead, it’s
just hiding. We aim to
deliver it to our investors
consistently for the
coming five years.”**

Starved of yield and hungry for income. This is the struggle faced by fixed income investors in today’s low-yield world.

By accessing the inefficient emerging markets corporate bond asset class and implementing strict rating and maturity restraints, investors may still generate income while aiming to limit volatility. Fixed Maturity Emerging Markets Corporate Bond strategy combines the potential of high-income bond investing in a sustainable manner.

Potential advantages

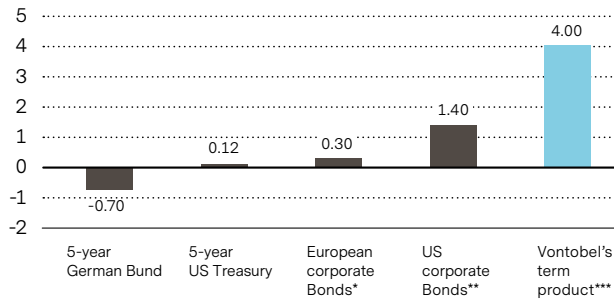
- Visibility: Lock in your yield for five years
- Value for money: Minimal turnover in the portfolio
- Sustainability: Full ESG integration

Emerging market investing seldom brings to mind the words “stability” and “predictability”, more the opposite. However, at closer inspection, thanks to the growth differential between emerging markets versus developed markets, the economic fundamentals favor the emerging markets (see graph next page). Furthermore, emerging markets offer broader intra-regional diversification. As an underinvested asset class, emerging market corporate bond valuations are compelling, offering investors the potential of a higher yield compared to their developed market peers.

The Fixed Maturity Emerging Market Corporate Bonds will focus on a portfolio of bonds picked at launch, by our award-winning Emerging Markets Corporate team and held to maturity. This provides investors with visibility to the yield they will receive. As the bonds are held to maturity (the minimum investment horizon is 5 years), there is minimal turnover in the portfolio resulting in maximum yield with minimal trading costs.

When looking at annualized yields* (hedged in EUR) across the board, EM Corporates clearly is the place to be...

In %



* European corporate bonds with reference to Bank of America ER00 Index.
 ** US corporate bonds with reference to Bank of America C0A0 Index.
 *** The term product's yield is based on the current model portfolio; subject to change at any time. All yields were hedged in EUR using 3-month forward contracts (annualized) so that they are all comparable.
 Source: Vontobel Asset Management, Bloomberg, JP Morgan, Bank of America, as at 31.08.2021.

Why a Fixed Maturity Product from our Emerging Markets Bond Team?

Repeatable investment process	Agnostic investment approach to issuers
Lower volatility and interest rate sensitivity	AAA BBB- Lower credit risk (prospective average min. rating BBB-)
10-strong seasoned EM team	Experience in managing FMPs
Full ESG integration	

Expected portfolio characteristics

Yield	USD 4.7% EUR 4.0% CHF 3.8%
Duration	4.2 years
Years to Maturity	5.0 years
Average Rating	BBB-
No. of Positions	53

In good hands with Vontobel

174.4bn

USD client assets

18

locations across the globe

50.9%

family owned

5

independent investment boutiques

200+

investment specialists

30+

ESG experts

What are the main investment risks?

Credit quality: The credit quality of the securities that the sub-fund invests in can deteriorate. Therefore, there is a risk that the issuer of the securities cannot meet its obligations. The value of this investment may fall if an issuer's credit rating is downgraded.

Counterparty risk: Using derivatives results in corresponding counterparty risks.

Use of derivatives: The use of derivatives generally creates leverage. The sub-fund is also subject to corresponding valuation risks and operational risks.

Potential prepayment risk: Asset-backed and mortgage-backed securities and their underlying receivables are often non-transparent. The sub-fund may also be subject to a higher credit and/or prepayment risk.

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

Defaulted bonds: Distressed securities have a high credit and liquidity risk as well as a judge risk. In the worst case, a total loss may result.

Liquidity risks: The sub-fund entails a higher degree of liquidity risk and greater operational risks as it invests in markets that may be affected by political developments and/or changes in legislation as well as tax and foreign exchange controls.

The Sub-Fund's investments may be subject to Sustainability Risks. Information on how sustainability risks are managed in this Sub-Fund may be obtained from [Vontobel.com/SFDR](https://www.vontobel.com/SFDR).

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