

Monthly commentary / 27.2.2026

Vontobel Fund – Emerging Markets Equity

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

- The performance of the fund was positive in February 2026 but outperformed the MSCI Emerging Markets ND.
- The Information Technology and Consumer Staples sectors were positive contributors to relative performance over the month. The Industrials and Communication Services sectors were the largest detractors from relative performance.
- On a country basis, Taiwan and India contributed to relative performance, while the Hong Kong and Brazil detracted from relative performance.
- Relative to the benchmark, the Fund's largest sector overweights for the month were Consumer Staples and Financials while the largest sector underweights were Materials and Energy.
- The fund's largest country overweights relative to the benchmark were the Hong Kong and Greece while largest underweights were the China and Taiwan at the end of month.

Market developments

Intense market volatility continued in February as US equities pulled back amid concerns about the impact of artificial intelligence (AI) on the software sector. Uncertainty was further heightened after the Supreme Court struck down the Trump administration's tariff regime. In response, the US President announced a temporary global tariff of 10%, which was later increased to 15%. In Europe, inflows of capital pushed equities higher as investors gravitated to the region's relatively lower valuations, lower exposure to the technology sector, and signs of economic recovery in countries such as Germany. Meanwhile, in Japan, a comprehensive election victory for the Prime Minister Sanae Takaichi boosted domestic shares. In emerging markets, China experienced strong consumer demand during its Lunar New Year celebrations. However, the release of lower-than-expected Purchasing Manager Index (PMI) data for January pointed to softness in manufacturing and ongoing economic weakness. Chinese shares declined although the broader emerging markets index advanced, driven by gains in Taiwan and Korea. At the end of the month, tensions in the Middle East escalated once more, with the US and Israel launching strikes on Iran, prompting renewed fears of deeper conflict.

Portfolio review

Airtac International Group

We bought Airtac as we believe the company is very well positioned to capture the structural growth in China's industrial automation demand.

International Container Terminal Services Inc

ICT is one of the largest port terminal operators globally, with a strong presence in Emerging Markets. The company specializes in operating origin and destination terminals, where

volumes are tied to local trade and consumption. As such, volumes tend to be stickier and more predictable. In addition, the company's playbook after acquiring a terminal is to improve operating efficiency and drive higher volume throughout by investing into additional infrastructure. This strategy has resulted in strong returns on capital for the company. We expect the company to grow earnings at a low-to-mid teens compounded annual growth rate over our forecast period.

HD Hyundai Electric Co Ltd

We expect HD Hyundai Electric to benefit from structural demand growth for large power transformers in the US and, secondarily, in Europe and the Mid-East. The company offers good earnings visibility, given that it continues to grow its backlog and its capacity is currently booked until 2030. We expect earnings CAGR in the 20-30% range over the next few years, driven by solid revenue growth and improving margins.

Sales

President Chain Store Corp

We allocated capital to better opportunities.

Performance analysis

TOP3 Contributors:

Samsung Electronics Co Ltd

While Samsung's final qualification is still to be obtained for HBM4 for Rubin, this could occur in March. For the next generation, HBM4E, Samsung plans to begin sampling standard products in mid-2026, with custom HBM4E following in 2H 2026. Samsung is now more confident in growing HBM share into 2027. Higher price leverage should help Samsung to realize record-high conventional memory margins and also anticipate an improving HBM margin profile thanks to top-line expansion and yield improvement. The demand for AI servers is outpacing the industry's ability to expand capacity, primarily

due to limited cleanroom availability.

Taiwan Semiconductor Manufacturing

Despite TSMC's capex increase, capacity additions are likely to still take time, given long lead-times for Fab construction and current lack of clean-room space. TSMC confirmed that the yield at Arizona is now comparable to Taiwan's. The second Arizona fab has moved up its schedule, with equipment move-in in 2026 and mass production in 2H 2027. TSMC's third fab in Arizona is under construction, and plans are underway for a fourth fab and a dedicated advanced packaging facility in Arizona. All of TSMC's AI customers have requested support from the Arizona fabs, prompting TSMC to accelerate capacity expansion to "narrow the gap" between supply and demand.

Sk Hynix Inc

The recent share price strength reflects the market's expectation of a prolonged memory upcycle from: 1) AI demand keeping memory prices afloat; 2) limited memory supply output until 2027; and 3) Hynix benefiting from HBM leadership. Most customers are struggling to secure sufficient memory volumes leading to a decrease in customer inventory levels across the board. Customers can hardly secure enough inventory to build data centers, and memory is seen as a bottleneck for data center expansion. Having shipped HBM4 working samples first to customers such as Nvidia last October, SK Hynix has been through more evaluation than peers so far regarding Rubin. Comparing the current memory market set up to the past three months, SK Hynix's management believes AI inferencing-led memory demand is the biggest driver necessitating higher DRAM consumption per server and eSSD NAND for KV-cache offloading purpose. As such, the pricing environment remains highly favorable for suppliers due to a severe supply-demand imbalance.

TOP3 Detractors:

Tencent Holdings Ltd

Tencent was weaker because of the concern around increased competition in gaming as AI lowers development costs with new products from the likes of Google's Genie. While competition could increase we think that Tencent has a distinct advantage in terms of its strength in IP games such as Honor of Kings, and Peacekeeper Elite and it also has the advantage of being the leading platform for game distribution in China.

Alibaba Group Holding Ltd

Alibaba was weaker mainly due to competition in quick service delivery remaining intense particularly with Meituan and JD but fundamentals on cloud remain broadly positive. Cloud growth has accelerated to over 20% and the company indicated good visibility on incremental demand coming from AI.

Mercadolibre Inc

Mercado Libre is prioritizing moat strengthening investments over profitability in the near term. These investments are driving accelerated growth across key metrics including GMV, TPV, and credit. Over the long run these investments should be beneficial for Mercado Libre's offering relative to peers, and for the company's overall profitability.

Outlook

While oil prices have spiked, the long-term impact remains uncertain. Our portfolios are underweight energy companies not due to a specific view on the commodity price, but because these companies do not align with our investment approach. Going forward, we will continue to closely monitor the situation, including the potential first- and second-order effects of rising energy prices. We remain confident that our well-balanced portfolios can withstand most exogenous shocks. We will maintain our disciplined approach, while seeking to capitalize on dislocations that may arise as investors retreat from risk in the face of greater uncertainty.

Fund characteristics

Fund name	Vontobel Fund – Emerging Markets Equity
ISIN	LU0278093082
Share class	I USD
Reference index	MSCI Emerging Markets TR net
Inception date	30.3.2007

Historical performance (net returns, in %)

Time period	Fund	Ref. index	Time period	Fund	Ref. index
MTD	5.7%	5.5%	2025	28.3%	33.6%
YTD	13.6%	14.8%	2024	-3.2%	7.5%
1 year	44.3%	50.0%	2023	2.5%	9.8%
3 yrs p.a.	13.5%	21.5%	2022	-23.3%	-20.1%
5 yrs p.a.	0.0%	6.3%	2021	-6.0%	-2.5%
10 yrs p.a.	5.8%	10.7%	2020	16.0%	18.3%
ITD p.a.	5.1%	5.4%	2019	18.3%	18.4%
			2018	-14.2%	-14.6%
			2017	34.2%	37.3%
			2016	0.7%	11.2%

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

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