Monthly commentary / 30.4.2026

Vontobel Fund – Emerging Markets Equity

Summary

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

Market developments

Global equities rebounded in April despite the prolonged conflict in Iran and elevated oil prices. US equity markets rallied as investors bet that the US administration would reach a peace deal with Iran. Information technology and AI-linked stocks led gains as optimism around the AI narrative returned. First-quarter company results showed a high proportion of positive earnings and revenue surprises. Under pressure from rising energy prices, inflation ticked up. The Federal Reserve kept interest rates on hold, and at his last Federal Open Market Committee meeting, Chair Jerome Powell announced that he would remain on the Board of Governors after his term as chair ends. European equities lagged the broader global index as well as the US and emerging markets. Eurozone inflation rose above 3% in April, although levels in Germany and Spain came in lower than expected. The European Central Bank highlighted the intensifying economic risks from the Middle East conflict but maintained interest rates at 2%, signaling no urgent need to increase borrowing costs. The Bank of England took a more hawkish tone on inflation. While it kept interest rates unchanged in April, it warned about the potential for "forceful" increases to curb rising prices. Emerging markets delivered the strongest performance, led by Taiwan and South Korea, which continued to see strong share price growth driven by global demand for AI chips and technology. Elsewhere in Asia, Chinese authorities blocked Meta's takeover of Manus, signaling intensifying rivalry between China and the US for dominance in AI.

Portfolio review

Purchases

Embraer SA

We expect Embraer to deliver 20%+ earnings growth over the next few years, driven by revenue growth and margin expansion thanks to an improved product mix, operational leverage and increased capacity. Embraer is poised to benefit from tight supply in the commercial aviation market, with potential new orders from a few airlines. Embraer is one of the three aircraft OEMs in the world, together with Boeing and Airbus. It has four main business lines: i) Commercial aviation, ii) Executive aviation, iii) Defense & Security, and iv) Services & Support, which focuses on maintenance and repair services for aircrafts. Additionally, Embraer holds an 83% stake in EVE, a company developing electric vertical take-off and landing (eVTOL) aircrafts. The company's positioning is particularly strong in commercial jets up to 150 seats.

Sales

N/A

Performance analysis

SK Hynix Inc

SK Hynix achieved an all-time high quarterly revenue and nearly doubled its operating profit sequentially, driven by massive price surges (mid-60% ASP rise for DRAM). Severe supply constraints and structural AI demand mean customers are prioritizing volume over price, securing a highly favorable pricing environment. To mitigate these supply risks, customers are requesting multi-year Long-Term Agreements (LTAs). SK Hynix is reviewing various structural approaches for these LTAs, which may include volume commitments, pricing floors, and downpayments. Hynix guided significant 2026 Capex increases to meet surging demand. On HBM demand (accounts for a quarter of Hynix's DRAM sales mix this quarter) for the next three years, Hynix expects to far exceed the company's supply capacity.

Elite Material Co Ltd

Elite Material outperformed as revenue continues to accelerate as the various AI GPU and ASIC projects are ramping up volumes. The company also successfully passed through a double-digit price hike on high-grade CCL material, which is anticipated to drive stronger revenue growth in coming quarters. Supply of high-grade CCL remains tight and Elite Material continues to be the most aggressive in adding new capacity, driving market share gains in a rapidly growing addressable market.

Taiwan Semiconductor Manufacturing Company Ltd

TSMC delivered a strong beat-and-raise quarter with a confident tone from management regarding the structural, multiyear AI trend. The company raised its full-year outlook, reported significant margin upside, and indicated that leading-edge supply will remain structurally tight into at least 2027. TSMC raised its full-year 2026 revenue guidance to "above 30%" YoY growth in USD terms. Management also raised Capex and provided bullish long-term color capex over the next three years. GP Margin is guided higher (between 65.5% and 67.5%) with 3nm margins will cross over the corporate average, offset by the initial ramp of N2 (2-3% dilutive). Despite Middle East tensions raising concerns over chemical and gas prices, TSMC has secured sufficient safety stock and diversified its supply base. Overall, has strong results & guidance.

TOP3 Detractors:

Tencent Holdings Ltd

Tencent was weaker given some margin pressure from a step up in investment in AI. While this will slow profit growth in 2026, we think that these investments will be calibrated. Fundamentals remain positive as it is seeing an improving growth profile in gaming for both its domestic games as well as international games segment. Advertising is growing strongly at 20% driven by increasing ads inventories for Video Accounts, Mini Programs, and Weixin Search. We think they have material room to improve ad loads over the next few years before catching up with competitors like Douyin. There is also increasing optimism around Tencent’s Cloud business as we have seen a step up in demand for AI services after the efficiency gains created through DeepSeek’s model architecture. Finally, margins have good visibility of improving re mix as we are seeing higher margin revenue streams in advertising growing faster, and they continue to make efficiency improvements through managing headcount.

Advanced Info Service

Advanced Info Services underperformed after a strong rally in previous months. The company continues to add more subscribers and drive ARPU into a rational industry environment, which should enable it to deliver steady and defensive growth.

Embraer Sa-Spon ADR

Embraer’s weak performance was driven by concerns over potential aircraft orders cancellations due to the higher oil prices and potential stress for the airlines. The name is a high-beta stock which is negatively impacted by a risk-off environment.

Outlook

We continue to seek out high quality, resilient growth opportunities which we believe are well positioned to deliver in an ever-evolving AI world. This spans direct AI plays to growth opportunities outside of AI with more physical assets. We maintain diverse exposure to AI capex beneficiaries and bottlenecks, and we have exited our positions in companies whose business models are threatened by AI. We believe this leaves us well positioned to benefit from growth across a diverse range of industries while maintaining resilience.

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
MTD	16.9%	14.7%
YTD	17.6%	14.5%
1 year	46.8%	46.7%
3 yrs p.a.	14.4%	20.7%
5 yrs p.a.	0.9%	6.1%
10 yrs p.a.	5.2%	9.2%
ITD p.a.	5.2%	5.4%

Time period	Fund	Ref. index
2025	28.3%	33.6%
2024	-3.2%	7.5%
2023	2.5%	9.8%
2022	-23.3%	-20.1%
2021	-6.0%	-2.5%
2020	16.0%	18.3%
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.
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