

Quarterly commentary / 31.3.2026

## Vontobel Fund – European Equity Income Plus

Marketing document for institutional investors in: AT, CH, DE, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE.

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

European equities began 2026 on a strong note, extending the positive momentum from the previous year, with gains across January and February supported by broadly constructive sentiment and resilient macroeconomic data. However, this favorable start was abruptly interrupted in March, when the outbreak of the Iran war became the dominant market driver. The geopolitical escalation and the effective closure of the Strait of Hormuz led to a sharp increase in oil prices. As oil represents the lifeblood of the global economy, sustained price increases act as a tax on growth, weighing on both corporate margins and consumer purchasing power. Euro-area economic indicators remained relatively resilient in the first quarter overall, but the deteriorating geopolitical backdrop increasingly clouded the outlook for global growth and inflation dynamics. Energy price volatility was the main way in which the conflict spilled over into broader financial conditions.

In summary, the first quarter of 2026 was characterized by a strong equity market start followed by a sharp sentiment reversal in March. The quarter ended in a more uncertain environment, with geopolitical risk and energy markets the central focus for investors—and the key variables that will shape positioning going forward.

### Portfolio review

**Quality Dividend:** In the first quarter, we implemented a number of equity changes as part of our major rebalancing process, primarily executed in the second half of January. Exposure to infrastructure was increased through the addition of Vinci and Ferrovial. Eni was added to enhance energy sector exposure while Deutsche Telekom was bought to add to the defensive Communication Services sector. Conversely, Stellantis, EssilorLuxottica and Compagnie de Saint-Gobain were sold. As a result, our portfolio now reflects a stronger focus on energy and defensive positioning with Communication Services and our maintaining overweight in Utilities. We retain our exposure to Financials for the moment, as they continue to screen still well and offer high dividends, despite the rising risks associated with the ongoing Iran war and potential credit crunch—both of which we are monitoring very closely.

**Enhanced Income:** The covered call strategy was implemented as planned during the first quarter. However, we remained more active and flexible in our option writing given the

elevated dispersion in individual stock returns and closely monitored the Q4 earnings season. Therefore, call options were sold above average at approximately 5.1% out-of-the-money (OTM) as well as we selectively reduced call writing on certain stocks ahead of their earnings releases—particularly where existing positions were close to their strike prices and exposed to elevated gamma risk. During January and February, the enhanced income strategy incurred some opportunity costs as equity markets rallied. Covered call positions limited some of the upside participation in several strong performers, including ASML, ASM, TotalEnergies, Engie and Ahold. Then market conditions shifted in March, with declining equity markets highlighting the benefits of the covered call writing (CCW) strategy. Call premiums provided the expected downside buffer, helping to mitigate portfolio losses during the draw-down. Overall, the permanent CCW strategy generated approximately 1.9% in premium income during the first quarter. The variable CCW strategy was not implemented during the quarter, as our economic cycle model did not generate a signal. As a result, it had no impact on performance.

**Dynamic Participation:** The volatile first quarter—particularly in March—led us to implement tactical adjustments to our market exposure in order to reduce portfolio risk amid geopolitical tensions. We began reducing risk over the weekend prior to the outbreak of the conflict, driven by growing concerns that Trump's threats involving the mobilization of warships could further escalate the situation. In the days following the start of the war, we took additional steps to lower portfolio risk through the use of short futures and put options. Given the initially resilient market conditions and the muted volatility response in the early days of the conflict, these hedging instruments appeared attractively priced relative to the prevailing level of uncertainty. These measures helped to further limit drawdowns and enhance overall portfolio protection during the period. In addition to our quantitative models, which support our decision-making process of tactical adjustments, we particularly consider key market indicators such as oil prices above USD 100 and rising bond yields as important signals for implementing hedging strategies during this phase.

### Performance analysis

The Vontobel Fund – European Equity Income Plus Fund delivered strong outperformance versus its benchmark, the

MSCI EMU Net Total Return Index, in the first quarter of 2026. While the fund lagged the benchmark in January due to a negative impact from the Enhanced Income Strategy, it outperformed in the following two months.

The primary driver of outperformance during the quarter was the Quality Dividend Equity portfolio, which generated strong returns, supported by overweight positions in Energy, Utilities, and Basic Materials. Stocks such as Eni and TotalEnergies delivered substantial outperformance amid geopolitical tensions and rising oil prices. Utilities holdings, including Engie and EON, also supported overall results. The top-performing stock in Q1 was Ahold. Security selection in the Technology sector added further value, with ASM and ASML significantly outperforming their peers. In addition, recently added infrastructure companies, Vinci and Ferrovial, performed strongly. Conversely, luxury goods holdings such as Hermès and LVMH faced headwinds due to cautious consumer sentiment and disruptions in the Middle East, although some companies continued to report solid operational performance. Financials, including UniCredit and Intesa Sanpaolo, had a slightly negative effect overall. While the Enhanced Income Strategy faced opportunity costs in January and February, it proved resilient in March, helping to cushion the portfolio during weaker markets. Tactical risk-reduction measures implemented during March also added value. Notably, all three strategies delivered positive results in March, underpinning the strong overall performance achieved in the first quarter of 2026.

#### Outlook

The second quarter of 2026 begins with the same dominant theme with which the previous quarter ended: the geopolitical conflict surrounding the Iran war, initiated by the United States and Israel at the end of February. The global economy's key bottleneck—the Strait of Hormuz—remains largely blocked by Iran, with almost no passage of oil tankers and other vessels.

The elevated and still rising oil price reflects this disruption. The conflict is now having global consequences, as approximately one-fifth of daily global oil supply passes through this route. In addition, fertilizer shipments are being disrupted, with broad global spillover effects and rising agricultural prices. The Asian region and poor emerging countries are feeling these impacts first, but Europe is also increasingly affected. While many economic indicators remain in expansionary territory and appear broadly constructive, it is important to note that these are largely backward-looking. The full economic impact of the conflict will only become visible in upcoming data releases, particularly in relation to consumption, growth, and inflation, which we will therefore closely monitor. In the upcoming Q1 earnings season, corporate guidance is likely to be more important than reported results in assessing the overall economic situation. If the conflict does not resolve soon, there is a risk of global stagflation—a combination of recessionary growth conditions and elevated inflation—which would represent a worst-case scenario for equity markets. Although the front lines between Iran and the United States remain cemented and a resolution currently appears difficult, domestic political pressures on President Trump should not be overlooked. The upcoming midterm elections in the autumn may create an incentive for the United States to seek an exit from the conflict, ideally in a way that preserves political credibility. Should a diplomatic resolution be achieved, markets could experience a recovery. However, whether such a rebound would be sustainable—or whether lasting economic damage has already been done—remains to be seen. In this environment, we remain defensively positioned—maintaining our energy and defensive equity tilt, active covered call writing and tactical hedging—while monitoring a volatile geopolitical environment closely, pending clearer signals from our economic cycle model.

#### Fund characteristics

<b>Fund name</b>	Vontobel Fund – European Equity Income Plus
<b>ISIN</b>	LU2967766705
<b>Share class</b>	I EUR
<b>Reference index</b>	MSCI EMU Net Total Return EUR Index
<b>Inception date</b>	25.3.2025

**Historical performance (net returns, in %)**

Time period	Fund	Ref. index
MTD	-4.9%	-8.4%
YTD	1.1%	-2.4%
1 year	13.5%	12.3%
3 yrs p.a.	–	–
5 yrs p.a.	–	–
10 yrs p.a.	–	–
ITD p.a.	10.1%	7.9%

Time period	Fund	Ref. index
2025	–	–
2024	–	–
2023	–	–
2022	–	–
2021	–	–
2020	–	–
2019	–	–
2018	–	–
2017	–	–
2016	–	–

**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.

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- Limited participation in the potential of single securities.
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