

Monthly commentary / 30.9.2024

Vontobel Fund II – Megatrends

Marketing document for institutional investors in: AT, CH, DE, ES, FR, GB, IT, LI, LU, 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

In September, after a weak start into the month, global equity markets performed well, particularly cyclicals and stocks from the consumer discretionary and materials sectors. The key drivers of this were the US central bank Fed initiating its key interest-rate cut cycle and China's government announcing a broad stimulus package for its economy. Such economic support program came as a surprise to investors and triggered a catch-up rally after the People's Republic had suffered a prolonged period of neglect. In Europe, on September 17, Mario Draghi, former president of the European Central Bank, presented his report to the European Commission, in which he proposed significant reforms, including simplifying excessive ESG regulations.

Portfolio review

In September, we initiated 8 new positions and sold 7 existing ones. Following the long-awaited key-interest-rate cut by the US central bank Fed, we increased our exposure to stocks we deem likely to benefit from this move.

Additions: Within the Sustainable Infrastructure theme, we added Lineage, a cool-storage real-estate leader that recently went public. We also added US homebuilder Toll Brothers, Beacon Roofing, and building materials provider Owens Corning, all of which could benefit from lower interest rates. Within the Future Healthcare theme, we added Alkermes, whose focus is on neurological and mental diseases, and Genmab, specializing in antibody therapies for cancer and other serious conditions. Within the Future Mobility theme, we added Infineon due to its strong presence in the growing Chinese electric-vehicle market. Within the NextGen Consumer theme, we added Kimberly-Clark, known for its hygiene products.

Divestments: We exited Ermenegildo Zegna, given persistently weak luxury spending. We sold Japanese truck manufacturer Komatsu due to declining earnings momentum. We also sold insulation company Carlisle after a more than 40% surge in its share price in 2024, now appearing fairly valued to us. Moreover, we divested Atkore due to operational challenges. We closed our position in Wienerberger due to high exposure to uncertain European markets. We sold General Motors following a strong share price performance that defied

the deteriorating environment for car manufacturers. We exited Expedia, anticipating a potential weakening in travel demand after a warning by a competitor.

Performance analysis

The fund was up in September and outperformed the reference index. Small- and mid-cap companies started to improve on the Fed rate cut, while Chinese equities rallied strongly towards month-end. The NextGen Consumer theme was the top performer by a wide margin, driven by Chinese companies like JD.com, Alibaba, and Tencent, whose share prices surged on hopes of government stimulus. The Smart Farming & Foodtech theme also performed well, followed by Future Mobility and Energy Revolution. In contrast, Future Healthcare and Sustainable Infrastructure underperformed the other themes. The strongest single-stock contributor was Chinese battery maker CATL, whereas the biggest detractor was Samsung Electronics.

Outlook

We stay convinced that the future winners of long-term structural shifts will be those firms that invest now in solutions to tackle demographic shifts, geopolitical uncertainty, or climate change, firms that provide technologies to mitigate or overcome such challenges, innovative firms active in energy transition, robotics, sustainable infrastructure, future mobility, water, healthcare, cloud computing or strong consumer trends – in short, firms our fund aims to support.

Our high allocation to Cloud Computing is based on our conviction that companies operating in crucial sectors like data centers, software, and cybersecurity are well positioned to substantially benefit from artificial intelligence (AI). Growth of AI training and inference will lead to higher energy demand, which requires modernization of grid and transmission infrastructure. Therefore, we also keep a higher allocation to Sustainable Infrastructure. In contrast, our largest underweight is Future Mobility, as demand for electric vehicles (EV) continues to fall short of expectations, with a negative impact on the value chain, including batteries, lithium, and EV manufacturers.

Fund characteristics

Fund name	Vontobel Fund II – Megatrends
ISIN	LU2275724420
Share class	V USD
Reference index	MSCI All Country World Index TR net
Inception date	7.6.2021

Historical performance (net returns, in %)

Time period	Fund	Ref. index	Time period	Fund	Ref. index
MTD	2.8%	2.3%	2023	22.4%	22.2%
YTD	12.0%	18.7%	2022	-32.8%	-18.4%
1 year	26.0%	31.8%	2021	6.0%	18.5%
3 yrs p.a.	-2.6%	8.1%	2020	48.0%	16.3%
5 yrs p.a.	9.9%	12.2%	2019	–	–
10 yrs p.a.	–	–	2018	–	–
ITD p.a.	9.8%	12.1%	2017	–	–
			2016	–	–
			2015	–	–
			2014	–	–

Past performance is not a reliable indicator of current or future performance. Performance data does not consider 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 due to changes in the rates of exchange between currencies.

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.
- The portfolio has lower risk diversification as the focus lies on companies within a specific investment theme.
- 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.
- 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.
- 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-funds' investments in the medium to long term due to the mitigating nature of the sub-fund's ESG approach. The sub-funds' 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, FR, GB, IT, LI, LU, 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 in-

vesting 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 consider 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 representative in **Switzerland**: Vontobel Fonds Services AG, Gotthardstrasse 43, 8022 Zurich, the paying agent in Switzerland: Bank Vontobel AG, Gotthardstrasse 43, 8022 Zurich, the facilities agent in **Austria**: Erste Bank der oesterreichischen Sparkassen AG, Am Belvedere 1, A-1100 Vienna, from the authorized distribution agencies and from the offices of the fund at 11-13 Boulevard de la Foire, L-1528 **Luxembourg**, the European facilities agent for **Germany**: PwC Société coopérative - GFD, 2, Rue Gerhard Mercator B.P. 1443, L-1014 Luxembourg, Email: lu_pwc.gfd.facsvs@pwc.com, gfdplatform.pwc.lu/facilities-agent/, the European facilities agent for **France**: PwC Société coopérative - GFD, 2, Rue Gerhard Mercator B.P. 1443, L-1014 Luxembourg, Email: lu_pwc.gfd.facsvs@pwc.com, gfdplatform.pwc.lu/facilities-agent/. 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 is available in English under: vontobel.com/vamsa-investor-information. 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. 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. The fund authorised 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 authorised 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 authorised 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. **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. **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 prescribed 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.

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.

The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the “MSCI Parties”) makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

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.

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