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 emerging markets corporate bond asset class and implementing strict rating and maturity restraints, investors may still generate income while aiming to limit volatility. The Fixed Maturity Emerging Markets Corporate Bond fund combines the potential of high-income bond investing in a sustainable manner. However, the price of the bonds held within the fund may fluctuate, for example, due to market sentiment and economic trends.

Potential advantages
- Visibility to the yield an investor may receive over the five years of the product
- Intend to provide investors with an efficient way to access the Emerging Market Corporate asset class

Emerging market investing is perceived by some investors as riskier than investing in developed markets. However, based on their economic indicators, emerging market economies are growing at a faster rate than developed markets. Furthermore, emerging market corporate bonds may offer investors the potential of a higher yield compared to bonds with a similar credit rating in developed countries[1]. Nonetheless, investing in emerging markets may still carry risks, such as credit rating downgrades.

The Vontobel Fund II – Fixed Maturity Emerging Market Corporate Bonds 2026 will focus on a portfolio of bonds picked at launch, by our experienced Emerging Markets

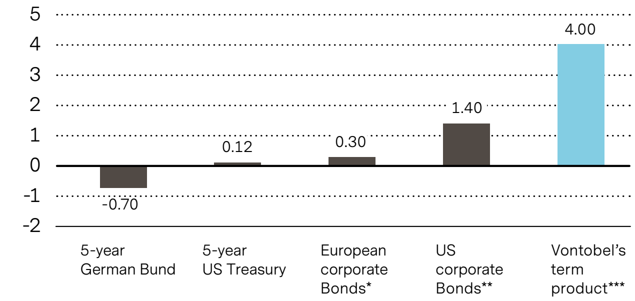
[1] ICE BofA Merrill Lynch US Corporate Index compared to J.P. Morgan

Corporate team and held to maturity.[1] This provides investors with visibility to the yield they may receive when investing in the fund for the target investment horizon of five years. Investors are able to redeem their investment in the fund at any time but may not achieve the same return. As most of the bonds are held to maturity, there is less turnover in the portfolio than in a traditional investment fund.

Vontobel Fund II (the "Fund") is an open-ended investment company with variable capital (Société d'Investissement à Capital Variable) incorporated on September 7, 2007 that falls within the scope of application of Part I of the Luxembourg Law of 17 December 2010 on undertakings for collective investment (an undertaking for collective investments in transferable securities, "UCITS"). The Vontobel Fund II – Fixed Maturity Emerging Market Corporate Bonds 2026 is managed by Vontobel Asset Management S.A., which is part of Vontobel Group. This fund is authorised in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier (CSSF).

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 where 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.

Vontobel at a glance

18
locations across the globe

50.9 %
family owned

5
independent investment boutiques

200 +
investment specialists

30 +
ESG experts

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

- Repeatable investment process
- AAA BBB- Lower credit risk (prospective average min. rating BBB-)
- Lower volatility and interest rate sensitivity
- Experience in managing FMPs
- 10-person seasoned EM team

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

[1] Although the Investment Manager will seek to match the expected maturity date of the investments with the Maturity of the Sub-Fund, the maturity date of some investments may occur before or after the Maturity of the Sub-Fund.

The term product's yield is based on the current model portfolio because the fund is not invested, it is subject to change at any time, and it is not a reliable indicator of future performance. The return may increase or decrease as a result of currency fluctuations.

Risk and reward profile

LOW RISK				HIGHER RISK
Low	Moderate	Medium	Increased	High

Reference Index

J.P. Morgan CEMBI Broad Diversified Maturity 3 – 5 years

Charges

The charges you pay are used to pay the costs of running the fund, including the costs for managing, marketing and distributing it. These charges reduce the return on your investment.

One-Off Charges Borne By The Investor

Entry charge	5.00%
Exit charge	0.30%
Conversion fee	1.00%

This is the maximum that might be taken out of your money before it is invested / before the proceeds of your investment are paid out.

Charges Taken From The Fund Over A Year

Ongoing charges	0.55%

Share classes

ISIN	SHARE CLASS	CUR-RENCY	DISTR. POLICY	INVESTOR TYPE	TAXE D'ABONN.	MIN. SUBSCR.	LAUNCH DATE	MGMT FEE MAX.	MANAGE-MENT FEE EFF.	PERFOR-MANCE FEE
LU2365111892	AH (hedged)	CHF	distributing	Retail	0.0005000	-	09.11.2021	1.100 %	0.700%	no
LU2365111033	AHI (hedged)	CHF	distributing	Institutional	0.0001000	-	10.11.2021	0.550%	0.350%	no
LU2365112601	AHN (hedged)	CHF	distributing	Retail	0.0005000	-	11.11.2021	0.825%	0.350%	no
LU2365111462	H (hedged)	CHF	accumulating	Retail	0.0005000	-	12.11.2021	1.100%	0.700%	no
LU2365110738	HI (hedged)	CHF	accumulating	Institutional	0.0001000	-	13.11.2021	0.550%	0.350%	no
LU2365112353	HN (hedged)	CHF	accumulating	Retail	0.0005000	-	14.11.2021	0.825%	0.350%	no
LU2365112866	HR (hedged)	CHF	accumulating	Retail	0.0005000	-	15.11.2021	1.100%	0.250%	no
LU2365111629	AH (hedged)	EUR	distributing	Retail	0.0005000	-	16.11.2021	1.100%	0.700%	no
LU2365110902	AHI (hedged)	EUR	distributing	Institutional	0.0001000	-	17.11.2021	0.550%	0.350%	no
LU2365112510	AHN (hedged)	EUR	distributing	Retail	0.0005000	-	18.11.2021	0.825%	0.350%	no
LU2365111389	H (hedged)	EUR	accumulating	Retail	0.0005000	-	19.11.2021	1.100%	0.700%	no
LU2365110654	HI (hedged)	EUR	accumulating	Institutional	0.0001000	-	20.11.2021	0.550%	0.350%	no
LU2365112270	HN (hedged)	EUR	accumulating	Retail	0.0005000	-	21.11.2021	0.825%	0.350%	no
LU2365111546	A	USD	distributing	Retail	0.0005000	-	22.11.2021	1.100%	0.700%	no
LU2365110811	AI	USD	distributing	Institutional	0.0001000	-	23.11.2021	0.550%	0.350%	no
LU2365112437	AN	USD	distributing	Retail	0.0005000	-	24.11.2021	0.825%	0.350%	no
LU2365111975	AQ	USD	distributing	Retail	0.0005000	-	25.11.2021	1.100%	0.700%	no
LU2365111116	B	USD	accumulating	Retail	0.0005000	-	26.11.2021	1.100%	0.700%	no
LU2365110571	I	USD	accumulating	Institutional	0.0001000	-	27.11.2021	0.550%	0.350%	no
LU2365112197	N	USD	accumulating	Retail	0.0005000	-	28.11.2021	0.825%	0.350%	no
LU2365112783	R	USD	accumulating	Retail	0.0005000	-	29.11.2021	1.100%	0.250%	no

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.

You can find a detailed list of the risks in the "Risk Considerations" section in the general part of the sales prospectus.

Glossary of Key Terms

Bond: Bonds are issued by companies or governments to raise capital on the market. Investors buying these bonds are in effect lending money to the issuer. In exchange, they are rewarded with regular interest payments, called coupons, during the life of the bond. At the end bond's maturity, the full invested amount, per the bond contract, is paid back to the investor.

Coupon rate: This is the interest rate, in percent, which the investor will receive each year on his bond investment. For example, if a bond with a face value of CHF 1,000 pays an interest rate of 5%, then CHF 50 will be paid each year to the investor's account, regardless of the bond's market price.

Coupon date: This is the date on which the bond issuer pays interest (the coupon) to the investors. Payments are made on a regular basis, but most often are quarterly, semi-annual or annual.

Credit rating: Credit quality is a measure of the issuer's ability to service and repay its debt. If the issuer has a poor credit rating, the risk of default is greater. Bonds from such issuers will therefore pay more interest, to compensate investors for this added risk. In the fixed income world, investors prefer bonds offering higher yields and better credit quality of the issuer, but this is a difficult balance to strike. The portfolio manager must identify such bonds based on his knowledge of the credit quality of the issuers. Bonds are often divided into two broad categories: "investment grade" (very high credit quality, i.e. low default risk) and "high-yield" (higher default probability, but typically higher remuneration in the form of higher yields).

Duration: Duration or modified duration is a measure for the interest rate sensitivity of the portfolio. More specifically, it gives a mathematical approximation for the percentage change of the portfolio's market value when interest rates change by one percent.

Emerging Markets: Emerging markets are referring to countries which are less advanced in terms of economic activity (e.g. less GDP per capita compared to more developed countries).

ESG: ESG denote the three dimensions of the environment ("E"), society ("S") and governance ("G") and are crucial components to include when analyzing a country or company from a fundamental perspective.

Face value: The face value (also called "nominal" or "par value") of a bond represents the amount lent by the investor and also the amount to be repaid at maturity. In other words, this is the amount the investor will get back at maturity date. While the current market price of a bond can fluctuate over time, it always matures at the predefined par value. In addition, the amount of annual interest paid—the coupon rate—is calculated based on the face value.

Gross Domestic Product (GDP): The total monetary value of goods and services produced by a country, generally calculated on annual basis. GDP aims to provide a measure of a nations or a group of nations economic situation.

Hedging: Hedging refers to the process of using money market contracts (e.g. FX forwards) to transform and secure the portfolio's performance in a different currency. The process typically incurs costs depending on the currency that one likes to hedge in.

Income: The coupon payment of a bond made to the investor holding the bond. In general, this is an annual payment.

Interest rate: An interest rate is the amount of interest due per period, as a proportion of the amount lent, deposited, or borrowed. The total interest on an amount lent or borrowed depends on the principal sum, the interest rate, the compounding frequency, and the length of time over which it is lent, deposited, or borrowed.

Maturity date: On this predefined day, the bond will become due, with 100% of the face value repaid to the investor (100%).

Model portfolio: The model portfolio refers to what the fund would potentially look like if it was launched already. However, it serves as a mere indication until the fund is launched since the actual portfolio may deviate given the market environment around the fund's launch (i.e. November 9, 2021).

Turnover: The portfolio's turnover is a measure that indicates how much the portfolio's positions fluctuate due to purchases and sales of positions and given asset inflows or outflows (i.e. by clients).

Volatility: The volatility of the portfolio is a standardized measure of the degree of variation in prices of the underlying positions, which is aggregated on the overall portfolio level.

Yield / Yield to maturity: This is the return of a bond, in percent, based on the assumption that the investor holds the asset until its maturity date and reinvests the coupons back into the same bond. Yield to maturity therefore depends on the price at which the investor buys the bond. The higher the price, the less return an investor will receive (in %) from the same bond, since the coupons / nominal are fixed.

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