Monthly commentary / 30.1.2026

Vontobel Fund – Global High Yield Bond

Marketing document for institutional investors in: AT, CH, DE, ES, FR, GB, IT, LI, LU, SE, SG (Professional Investors only).

Market developments

Markets navigated a dense set of geopolitical and policy headlines in January, but risk assets ultimately held up well. Early in the month, investor sentiment was rattled by a sharp escalation in Venezuela, where President Nicolás Maduro was captured on January 3 after US-backed forces entered the country, triggering a brief risk-off move. Geopolitics remained a key driver through mid-month as tensions between the US and Iran flared again. The conflict risk helped push oil prices sharply higher (Brent +16.2% over the month), while precious metals surged, with gold rising +13.3% despite extreme volatility toward month-end.In parallel, markets had to reprice US policy risk. US President Donald Trump renewed tariff threats, this time including Denmark via Greenland, before a late-month “framework” agreement regarding Greenland reduced immediate tail risks. The US dollar weakened as trade rhetoric and renewed questions about US Federal Reserve (Fed) independence weighed on sentiment. Treasury Secretary Scott Bessent attempted to stabilize the narrative by reiterating a “strong dollar policy,” while the nomination of Kevin Warsh as the next Fed chair was interpreted as a potentially more market-friendly choice.Macroeconomic data offered mixed signals but remained broadly supportive of risk. In the US, activity held up (ISM services at 54.4) while the labor market cooled, with the December unemployment rate at 4.4%. In Europe, data surprised modestly on the upside (Euro Area Q4 growth +0.3%), while inflation came in softer than expected, keeping the European Central Bank’s (ECB) easing path intact. Japan was the main outlier on rates: a snap election announcement triggered a sell-off in Japanese Government Bonds amid fiscal concerns, lifting the 10-year yield +18 basis points (bps) and the 30-year +24bps, while the Bank of Japan struck a hawkish tone by raising its inflation assessment.Equities ended the month higher across most regions (S&P 500 +1.4%, STOXX 600 +3.2%, Nikkei +5.9%, MSCI EM +8.9%), supported by resilient growth and the continued investment narrative around AI capital expenditure, even as cross-asset volatility periodically spiked.

Regional Markets

After hitting a post-Global Financial Crisis low of 264bps in January, US high-yield (HY) bond spreads started to widen toward month-end, as investors absorbed a Fed policy meeting (no change in rates), earnings sector dispersion (software/tech weakness) and the nomination of the next Fed chair (Kevin Warsh). Driven mainly by carry, total returns for US HY in January amounted to +0.5% (in USD).The US HY bond index ended the month with a yield of 6.74%, an increase of +12bps from the prior month. After rebalancing, overall credit spreads widened by +7bps to finish the month at an option-adjusted spread (OAS) of 288bps. In terms of spread changes by ratings bucket, Triple Cs tightened by -11bps and outperformed higher-rated segments, primarily due to issuers falling out of the CCC Index (including TIBX, DISH, COMM, and LVLT). Other ratings buckets experienced modest spread widening, as seen with Double Bs (+5bps) and Single Bs (+13bps). The primary market was steady, starting the year with USD 28.7 billion, marginally below the monthly average of USD 31 billion for January.The European HY market returned +0.7% for the month, outperforming the US HY market. The monthly performance was driven by overall spread compression of 6bps to end the month at 264bps. In terms of spread changes by ratings bucket, Triple Cs tightened by -76bps, followed by Double Bs (-3bps), while Single Bs widened by +10bps. Sterling HY returned 1.3% (in GBP) and OAS spreads tightened by -11bps to 409bps. Emerging-market (EM) HY generated a positive total return for the month of January of +1.4% (in USD) and OAS spreads tightened by -20bps to 337bps.

Portfolio review

Trading in the portfolio included a few new issues within our various asset classes of EU HY, US HY, EM, and hybrids / AT1s. We also added a US tech name at an attractive entry price after a modest decline in price driven by concerns within the software subsector. Our balanced regional approach, which remains disciplined from a risk perspective given historically tight spreads, is helping fund performance given current market valuations and technicals. As such, we continue to be more selective as we work diligently to identify resilient credits capable of generating strong free cash flow.

Performance analysis

In January, the fund generated a positive total return of +1.1% (in EUR) and outperformed the benchmark after fees. The monthly performance was positively impacted by meaningful price appreciation of various bonds within EM as well as EU telecom. It also benefitted from a rebound in certain US energy positions. Finally, we exited a distressed position within US chemicals at an attractive price versus the prior month. Fund performance was partially offset by credit hedges, which flipped and started to generate positive total returns toward the end of the month.

Outlook

January was a positive month for global HY overall but displayed some spread widening toward the end of the month, particularly in the US region, where we see increased concerns of an AI/software bubble. This is more prominent in private credit and loans in general, where tech / software is a bigger industry weight. Whether this is just short term in nature, we do see some shift in HY exposures away from tech and into more cyclical sectors with improving global end market exposures. Overall, we remain constructive in global HY as technicals remain healthy given the higher quality issuer mix and overall interest-rate environment. The fund enjoys an attractive carry component and is currently well balanced between the various regions of Europe (including hybrid/AT1s), US, and EM. We stand ready to adjust this mix as macro dynamics shift, and idiosyncratic opportunities emerge. As always, we continue to employ disciplined relative value strategies to identify the best issuers with stable to growing cash flows and low default risks.

Fund characteristics

Fund name	Vontobel Fund – Global High Yield Bond
ISIN	LU0571066975
Share class	I EUR
Reference index	Customized ICE BofAML High Yield Index (EUR hedged)
Inception date	11.6.2012

Historical performance (net returns, in %)

Time period	Fund	Ref. index
MTD	1.1%	0.5%
YTD	1.1%	0.5%
1 year	4.5%	5.4%
3 yrs p.a.	6.1%	7.0%
5 yrs p.a.	2.7%	2.7%
10 yrs p.a.	3.4%	4.2%
ITD p.a.	3.8%	4.4%

Time period	Fund	Ref. index
2025	4.3%	5.8%
2024	6.8%	7.2%
2023	10.5%	11.4%
2022	-12.4%	-12.7%
2021	4.9%	3.6%
2020	2.2%	3.2%
2019	10.2%	11.1%
2018	-6.1%	-4.3%
2017	5.0%	5.5%
2016	8.2%	12.3%

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- Securities with a lower credit quality means a higher risk that an issuer may fail to meet its obligations. The investment value may fall if an issuer's credit rating is downgraded.
- CoCo-Bonds may entail significant risks such as coupon cancellation risk, capital structure inversion risk, call extension risk.
- 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.
- Asset-backed and mortgage-backed securities, and their underlying receivables are often intransparent. The sub-fund may also be subject to a higher credit and/or prepayment risk.
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