

Asset Management / Fund Factsheet / 30.06.2022

## Vontobel Fund - Euro Corporate Bond AI, EUR

Morningstar Rating as of 31.05.2022 ★★★★★

Marketing document for institutional investors in:  
AT, CH, DE, ES, GB, IT, LI, LU, SG (professional investors)

### Investment objective

This bond fund aims to generate steady income and above-average investment returns over a full credit cycle, while promoting environmental or social characteristics and respecting risk diversification.

### Key features

The fund invests across developed markets and their sectors mainly in corporate bonds in euros, with different maturities and seniorities, of issuers of good quality (investment grade) with various ratings, focusing on the mid-yield segment (ratings A+ to BBB-). The fund seeks to promote environmental or social characteristics.

### Approach

The investment team follows a dedicated process, based on fundamental credit, relative-value, and technical analyses. Top-down assessment of the economy and sectors is followed by bottom-up company analysis, which also considers the 'S' of ESG (Environmental, Social, Governance) standards, specifically empowerment. By means of a filter the team selects paper whose credit spreads offer adequate compensation for the risks involved, while favoring issuers with strong or improving empowerment indicators. Striving to exploit more inefficiencies and diversify broadly, the team combines various issuers and securities in the fund.

### Risk and reward profile



Portfolio management	Mondher Bettaieb / Claudia Fontanive-Wyss
Fund domicile, legal structure	Luxembourg, UCITS
Currency of the fund / shareclass	EUR / EUR
Launch date fund / shareclass	27.09.2002 / 14.07.2015
Fund size	EUR 1,818.74 mio
Net asset value (NAV) / share	EUR 90.32
Ref. index	ICE BofAML A-BBB Euro Corporate Index
ISIN / WKN / VALOR	LU1258889689 / A14YY3 / 28828731
Management fee	0.55%
Ongoing charges (incl. Mgmt. fee) as of 28.02.2022	0.75%
Maximum entry / switching / exit fee <sup>1)</sup>	5.00% / 1.00% / 0.30%
Swing pricing	Yes
Distribution policy	distribution, annually
Last distribution on 24.11.2021	EUR 2.17
Distribution yield	2.40%

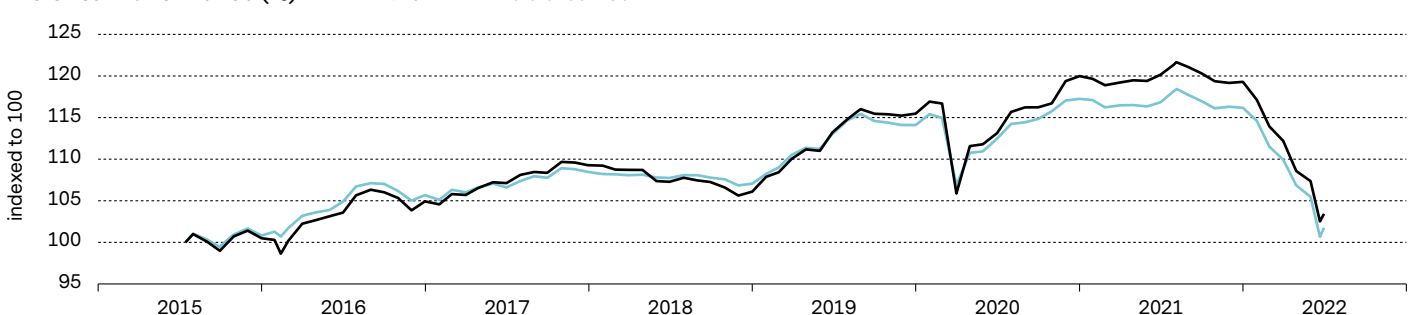
<sup>1)</sup> Refer to fund distributor for actual applicable fees, if any.

### Portfolio Characteristics

	Fund	Ref. index
Volatility, annualized <sup>2)</sup>	7.73%	6.08%
Information ratio <sup>2)</sup>	0.23	
Modified duration (years)	4.80	4.71
Average Rating	BBB+	BBB+
Yield to maturity	4.11%	3.24%
Yield to worst (YTW)	4.04%	3.22%
Average maturity (years)	5.21	5.29
Number of issuers	125	749
Active share (country, issuer, ISIN)	30%, 67%, 89%	
Average coupon	2.37%	1.50%

<sup>2)</sup> calculated over 3 years

### Historical Performance (%)



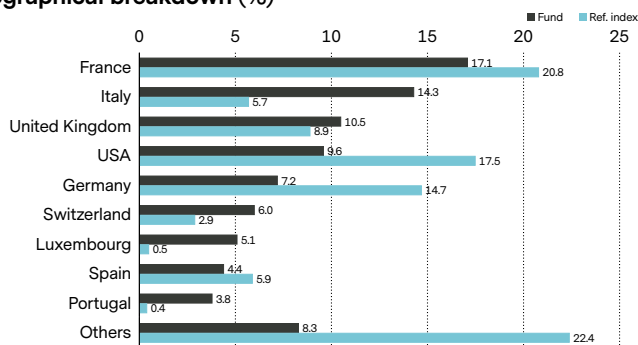
	07.21 -06.22	07.20 -06.21	07.19 -06.20	07.18 -06.19	07.17 -06.18	1 m	year to date	2021	2020	2019	3 yrs p.a.	5 yrs p.a.	since inception
Fund	-13.9	6.2	-0.1	5.5	0.1	-3.7	-13.3	-0.6	3.9	8.8	-3.0	-0.7	3.4
Ref. index	-12.9	3.9	-0.5	4.9	1.1	-3.5	-12.4	-0.9	2.8	6.6	-3.4	-0.9	1.8

Past Performance is not a guide to current or future performance. Performance data do not take account of the entry / exit commissions and costs incurred, and reflect gross distributions reinvested. Performance of a fund can rise or fall, i.e. as a result of currency fluctuations.

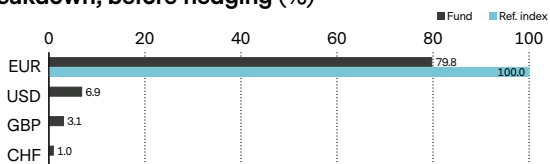
**Major issuers (%)**

UNICREDIT SPA	2.4
CREDIT AGRICOLE LONDON	2.4
ENEL SPA	2.2
CAIXABANK SA	2.2
BONOS Y OBLIG DEL ESTADO	1.9
MEDIOBANCA DI CRED FIN	1.9
HOLCIM FINANCE LUX SA	1.9
INTESA SANPAOLO SPA	1.7
ORANGE SA	1.7
HEATHROW FINANCE PLC	1.7
<b>Total</b>	<b>20.0</b>

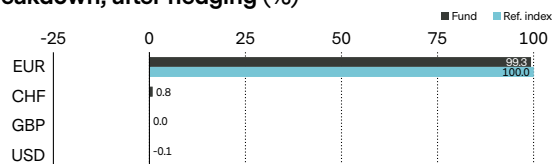
**Geographical breakdown (%)**



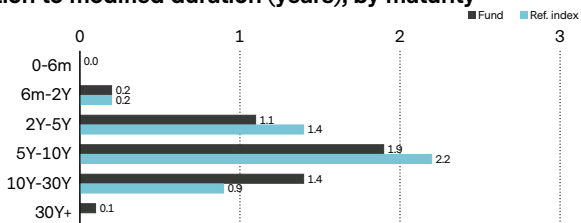
**Currency breakdown, before hedging (%)**



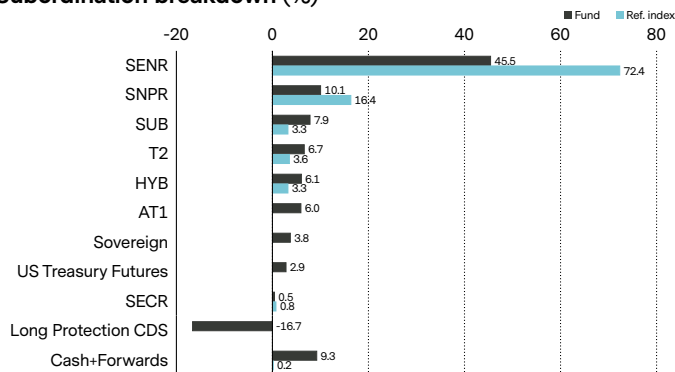
**Currency breakdown, after hedging (%)**



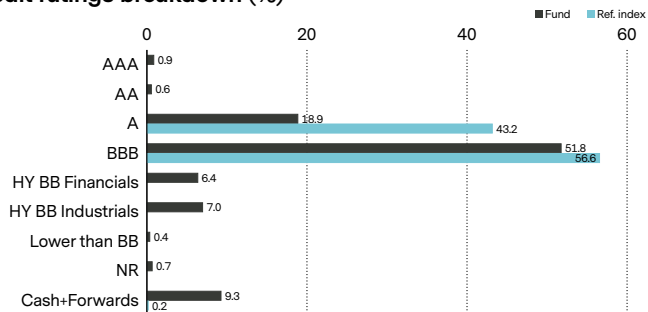
**Contribution to modified duration (years), by maturity**



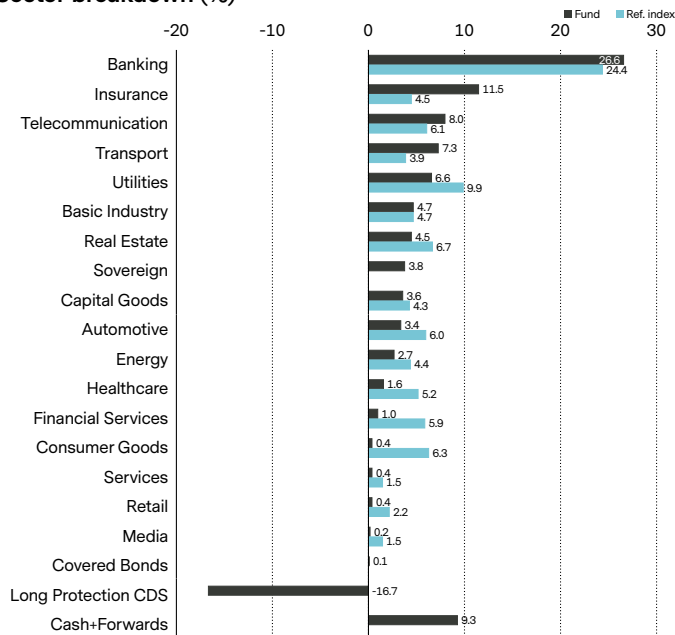
**Subordination breakdown (%)**



**Credit ratings breakdown (%)**



**Sector breakdown (%)**



**Risks**

- Limited participation in the potential of single securities.
- Investments in foreign currencies are subject to currency fluctuations.
- Success of single security analysis and active management cannot be guaranteed.
- It cannot be guaranteed that the investor will recover the capital invested.
- Derivatives entail risks relating to liquidity, leverage and credit fluctuations, illiquidity and volatility.
- Interest rates may vary, bonds suffer price declines on rising interest rates.

- Mid-yield bonds may be more speculative investments than bonds with a higher rating due to higher credit risk, higher price fluctuations, a higher risk of loss of capital deployed.
- 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](http://Vontobel.com/SFDR).

## Glossary

**Active Share** (country, issuer, ISIN) measures the deviation of a portfolio (on country, issuer and ISIN basis) from its reference index, and is used to indicate how actively portfolios are managed. **Coupon** is a payment to holders of bonds on a pre-defined basis, normally with a specific periodicity and percentage. Average Coupon for a bond fund is calculated as capital-weighted average of the coupon rates of all bonds in a portfolio. **Derivative** is a financial security whose price is determined based on an underlying benchmark or asset such as stocks, bonds, commodities, currencies, interest rates, or market indexes. Examples are futures, options and credit default swaps. **Distribution**, or dividend, is a payment by a fund to its investors who hold distributing share classes (compartments with payouts). The distribution (or dividend) yield is calculated as all payouts over the last 12 months divided by the price per share (typically, the latest NAV), and may be affected by variable payments seasonality. **Distribution policy** of a fund defines the dividend distribution for its share classes to investors. Accumulating share classes reinvest the income received from the fund holdings back into the fund and do not distribute to shareholders. Distributing shares typically make cash payments to shareholders on a periodic basis. **Duration**, or Macaulay Duration, indicates the number of years an investor would need to maintain a position in the bond until the present value of the bond's cash flows equals the amount paid for the bond. The longer the duration, the more a bond's price will be affected by changes in interest rates. Duration may also be used to compare the risk of debt securities with different maturities and yields. **ESG** Environmental, social and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments. **Forward**, or forward contract, is an agreement between two parties to buy or sell an asset at a specified price on a future date, and is often used for hedging purposes or commodities trading, where a forward contract can be customized to an amount, delivery date, and commodity type (e.g. food, metals, oil or natural gas). **Future**, or futures contract, is a legal agreement to buy or sell a particular commodity asset, currency or security at a predetermined price at a future point in time. They are standardized contracts in terms of quality and quantity which facilitates trading on a futures exchange. **Index** is a portfolio that holds a broad range of securities, based on pre-defined rules. Indexes such as the FTSE 100 or DAX 30 are used to represent the performance of particular markets and thus act as a reference point for performance measurement of other portfolios. An index used as reference for performance comparisons, is called a "reference index". **Information ratio** is a measurement of portfolio returns in excess of the reference index per unit of return volatility. It is used to measure a portfolio manager's ability to generate excess returns relative to a reference index. **ISIN** (International Securities Identification Number) is a unique code that identifies a specific financial security. It is assigned by a country's respective national numbering agency (NNA). **Management fee** is a fee which covers the costs charged to a fund relating to portfolio management services and, if applicable, to distribution services. **Maturity** indicates the length of time until the initial investment amount of a bond is due to be repaid. "Average maturity" is calculated on a bond portfolio by weighting each bond's residual maturity by its relative size. **Modified duration** is an adjusted version of Macaulay Duration and measures the percentage change in a bond price as a result of a change in yield. It is used to measure the sensitivity of a bond's cash flows to a change in interest rates and is more commonly used than Macaulay Duration. **Net Asset Value (NAV) / share** also known as the share price of a fund, represents the value per share of the fund. It is calculated by dividing the fund's assets less its liabilities by the number of shares outstanding. For most funds it is calculated and reported daily. **Number of issuers** shows the number of different issuers of securities in the portfolio of the fund. It is always less than or equal to the number of positions in the fund because a fund may hold multiple positions from a single issuer. **Ongoing charges** expresses the sum of the costs of running a fund on an ongoing basis, like the management fee and various legal and operating costs. It is calculated retroactively over a period of 12 months as a percentage of the fund assets. If the available data is insufficient, for example, for newly launched funds, ongoing charges may be estimated using data from funds with similar characteristics. **Option** is a derivative, financial instrument whose price derives from the value of underlying securities, like stocks. Call/put options give buyers the right (but not the obligation) to buy/sell an underlying asset at an agreed price and date. **Rating**, or credit rating, assesses a bond issuer's ability to repay on time all its debt (interest and principal). High ratings, like AAA or Aaa, indicate low risk (i.e., low probability of default), while ratings such as BBB- or Baa3 indicate a higher risk. **Share class** is a compartment of a fund with a distinct client type, distribution policy, fee structure, currency, minimum investment, or other characteristics. The characteristics of each share class are described in the fund prospectus. **SRRI** is a value based on a sub fund's volatility, providing a gauge of the overall risk and reward profile of the sub fund. **Subordination**, or bond subordination, expresses the priority for repayment of a bond in the event of default. A subordinated bond is more junior than other, more senior bonds with respect to claims on assets or earnings. **Swing pricing** is an industry standard mechanism to protect long term investors in a fund against trading costs occurring when investors enter or exit the fund. This is achieved by adjusting the NAV upwards or downwards respectively so that the additional trading costs caused by subscriptions or redemptions are borne by investors trading in the fund. Full details of the Swing Pricing mechanism are given in the fund prospectus. **VALOR** is an identification number issued by SIX Financial Information and assigned to financial instruments in Switzerland. **Volatility** measures the fluctuation of a fund's performance over a certain period. It is most commonly expressed using the annualized standard deviation. The higher the volatility, the riskier a fund tends to be. **WKN** (or Wertpapierkennnummer) is an identification code of securities registered in Germany, issued by its Institute for Issuance and Administration of Securities. **Yield to maturity** (YTM) measures the return of the fund if all the bonds in the portfolio of the fund were held to maturity. The ratio is expressed as an annual return in percent. **Yield to worst** (YTW) represents the lowest potential annual return of a bond that does not default, for instance, if a bond may be called by the issuer prior to maturity.

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