Vontobel Fund – Non-Food Commodity

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

Summary
— - Crude oil recorded the weakest month since the Covid pandemic.
— - Precious metals suffered from rate repricing and a stronger US dollar.
— - El Niño risk on the forefront.

Market developments
June 2026 was characterized by the gradual unwinding of the inflationary oil shock following the preliminary peace agreement between the US and Iran, growing concerns over a global central bank tightening cycle, and a divergence between resilient western labor markets and a slowing Chinese domestic economy. Investors reassessed their expectations for the US Federal Reserve's (Fed) monetary policy path, shifting toward an interest-rate hike in the fall after the surprisingly hawkish tone struck by Kevin Warsh during his first FOMC press conference. In the same month, the European Central Bank (ECB) also raised rates for the first time in nearly three years. Similarly, the Bank of Japan increased its policy rate by 25 basis points to 1.00%, the highest level since 1995. The Bloomberg Commodity Total Return Index recorded its weakest month (-8.54%) since June 2022, with almost all sectors posting losses, including energy, precious metals, base metals, and grains, while only softs and livestock managed to end the month in positive territory.
June was also the weakest month for crude oil since the Covid period, with Brent declining 18% and WTI falling 17%. Prices slumped mid-month as peace negotiations between the US and Iran progressed. On June 15, both countries announced an interim agreement to de-escalate tensions and reopen the Strait of Hormuz. However, traffic through the strait had already begun to recover earlier in the month, with the pace of recovery accelerating by mid-June. The US lifted its blockade on Iranian vessels, enabling Iran to significantly ramp up exports. In addition, the US Treasury introduced a broad 60-day sanctions waiver on Iranian oil sales. As a result, a substantial volume of crude oil entered the global market within a short period. Meanwhile, US crude export levels stayed elevated. European and Asian refiners had largely secured their oil purchases for July and August in advance, resulting in a growing number of unsold tankers and rising floating storage. On the demand side, Chinese imports continued to underperform as refiners have been operating at reduced capacity and domestic inventories have been used. Weak demand is also the main reason why sentiment toward the longer-term oil outlook has become increasingly bearish. Many market participants view softer Chinese demand as structural, which could leave the market oversupplied by 2027. We take a more nuanced view on this medium-term outlook. In our assessment, China is likely to gradually ramp up imports and refinery runs over the coming months. Global demand also appears to have been deferred rather than permanently lost and is therefore likely to recover gradually. Furthermore, several countries still need to rebuild both strategic and commercial inventories. Overall, we remain neutral on oil. However, we favor relatively higher exposure to longer-dated contracts over the front end of the curve and are waiting for a more attractive entry point to increase long positions.
US natural gas (Henry Hub, -3.6%) traded weaker throughout June, particularly during the first half of the month, despite stronger demand for cooling amid warmer weather. Production remained strong, while liquefied natural gas (LNG) exports were temporarily constrained due to maintenance. As a result, US gas storage is on track to reach solid levels ahead of winter. The situation in Europe presents a stark contrast. By the end of June, European gas inventories were only 49% full, significantly below the five-year average of around 64%. This implies that Europe will need to attract additional spot LNG cargoes in the coming months to adequately refill storage ahead of the winter season. Following an initial decline in European gas prices (alongside oil) after the US-Iran agreement was announced, prices rebounded toward the end of June. We continue to see value in European gas (TTF) as an off-benchmark position, supported by relatively low inventory levels and a persistently warm weather outlook across Europe in the coming weeks, which is likely to sustain cooling demand. At the same time, LNG traffic through the Strait of Hormuz, which had started to recover in mid-June, slowed again toward month-end after an attack on a cargo vessel revived security concerns.
Precious metals extended the five-month drawdown that began at the end of January. Gold declined by a further 12%, while silver experienced a particularly sharp correction, falling 22% in June. The primary driver behind this move was a significant repricing of interest-rate expectations. Following the surprisingly hawkish tone at Kevin Warsh's first FOMC meeting, markets began to factor in a rate hike as early as September. With Warsh signaling a reduced emphasis on forward guidance, investors have largely relied on hawkish commentary from various FOMC members as their main directional cue. Rate-sensitive precious metals ETF flows responded accordingly, with continued outflows adding downward pressure on prices. This was compounded by a strengthening US dollar (DXY +2.3%). Somewhat counterintuitively, declining oil prices and easing inflation expectations failed to provide support for precious metals. This may, in part, be explained by the more limited pass-through to end-consumer fuel prices: gasoline prices declined less sharply than crude oil and remained just below USD 4 per gallon in the US. As a result, inflation may not ease as quickly as anticipated, given that consumer spending is more directly influenced by refined product prices

such as gasoline and diesel rather than crude oil itself. Other precious and industrial-linked metals also came under pressure, with palladium declining by 12% and platinum by 20% over the course of the month.
Industrial metals also saw significant weakness in June (-7.9%), with aluminum underperforming (-16.1%). The decline was driven by a broad liquidation of previously elevated long positions, triggered by a combination of factors including the repricing of interest-rate expectations, a stronger US dollar, weakness in the technology sector, softer Chinese economic data, easing tensions in the Middle East, and a faster-than-expected ramp-up in aluminum smelting capacity. At the same time, greater attention shifted to inventories, which showed that Chinese stock levels were seasonally elevated Copper proved more resilient, declining by only -3.1%. Tariff risks have once again moved into focus as the June 30 deadline (set last year for the Trump administration to review the copper market) approaches, with a decision pending on whether to impose tariffs on copper imports. This dynamic has been drawing copper into the US since early 2025, tightening supply in ex-US markets and providing support to prices thus far.

Portfolio review

In June, the cross-sectional model basically kept the allocation to the energy sector constant, ending the month with an overweight of +5.5% versus the benchmark. On the one hand, the model decreased its active allocation to crude oil, due to weakening backwardation and diminishing momentum, ending the month with an underweight of -1.6%. On the other hand, the model increased its overweight in oil products, driven by strong carry and positive momentum. The fund increased its underweight in natural gas due to decreasing carry returns, leading to a relative underweight of -11.6% by month end.
Regarding industrial metals, the model further reduced its underweight to -2.8% vs the benchmark. This was mainly driven by the underweight in copper, ending the month with -7.6% and all three factors (carry, value, momentum) still showing negative contributions. The active position in aluminum increased ending the month basically flat vs benchmark. On the other hand, the fund kept its overweight in all other metals with lead (+2.2%), nickel (+1.2%) and zinc (+1.9%), mainly due to a diminishing negative carry factor and a positive contribution from value.
During June, the model further decreased its allocation in precious metals ending the month with an underweight of -3.1% vs the benchmark, which was mainly driven by weakening momentum and negative value. The model underweights gold (-15.3%), kept its overweight in silver (+1.7%) while trimming the positive allocations in the off-benchmark positions palladium (+5.0%) and platinum (+5.5%).

Performance analysis

In June, the Vontobel Fund – Non-Food Commodity (I share, USD) lost -10.32% and the Bloomberg Commodity ex-AL Capped TR Index lost -10.59%, leading to a relative outperformance of +0.28%. The biggest outperformance drivers were the underweight positions in crude oil (+1.5%), natural gas (+0.3%), aluminum (+0.4%), copper (+0.2%) and in gold (+1.7%). On the negative side, the overweight in oil products (gasoil -0.5%, heating oil -0.4%, gasoline -0.5%), the overweight in lead (-0.2%), as well as the off-benchmark positions in palladium (-0.5%) and platinum (-1.2%) reported the largest drags on performance.

Outlook

For precious metals, the key question will be how demand evolves, as Chinese interest appears to be returning at current lower price levels. Regarding Western ETF outflows, which need to come to a halt for gold prices to stabilize, Fed communication (or the lack thereof) will be critical to watch. It remains unclear whether the hawkish tone from several FOMC members is primarily intended to anchor inflation expectations or whether it signals a genuine likelihood of further rate hikes this year. As of the end of June, the probability of a July hike had reached around 40%. If a rate hike materializes over the summer, gold is likely to face significant downward pressure.
For crude oil, the bearish narrative – even extending out to 2027 – remains firmly in control. In our view, three factors could introduce some upside risk in the coming months:
A recovery in Chinese imports toward pre-war levels;
Increased hesitancy among tanker operators to transit the Strait of Hormuz;
A meaningful restocking of commercial and strategic reserves.

Fund characteristics

Fund name	Vontobel Fund – Non-Food Commodity
ISIN	LU1106544999
Share class	I USD
Benchmark	Bloomberg Commodity ex-Agriculture and Livestock Capped Index TR
Inception date	28.11.2014

Historical performance (net returns, in %)

Time period	Fund	Benchmark
MTD	-10.3%	-10.6%
YTD	11.9%	15.3%
1 year	27.0%	31.3%
3 yrs p.a.	12.0%	16.1%
5 yrs p.a.	6.0%	11.3%
10 yrs p.a.	5.5%	7.5%
ITD p.a.	2.7%	3.6%

Time period	Fund	Benchmark
2025	20.2%	23.9%
2024	1.7%	8.6%
2023	-9.5%	-12.3%
2022	6.8%	18.8%
2021	21.7%	28.6%
2020	1.7%	-10.5%
2019	16.2%	11.7%
2018	-19.5%	-11.4%
2017	5.7%	7.9%
2016	23.0%	18.6%

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.

Investment risks

— Using derivatives creates significant 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. Information on how sustainability risks are managed in this sub-fund may be obtained from vontobel.com/sfdr.

the collective interests of consumers under EU Directive 2020/1828) is available in English under: vontobel.com/vamsa-investor-information. Vontobel may decide to terminate the arrangements made for the purpose of marketing its collective investment schemes in accordance with Article 93a of Directive 2009/65/EC. **Finland**: The KID is available in Finnish. **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. **Netherlands**: The Fund and its sub-funds are included in the register of Netherland's Authority for the Financial Markets as mentioned in article 1:107 of the Financial Markets Supervision Act ("Wet op het financiële toezicht"). **Norway**: The KID is available in Norwegian. Please note that certain sub-funds are exclusively available to qualified investors in Andorra or **Portugal**. 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. **Sweden**: The KID is available in Swedish. The fund authorized 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 authorized 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 authorized 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 20 Fenchurch Street, London EC3M 3BY 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, 20 Fenchurch Street, London EC3M 3BY or downloaded from our website vontobel.com/am.

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.

Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor. Any product based on an index is in no way sponsored, endorsed, sold or promoted by the applicable licensor and it shall not have any liability with respect thereto. Refer to am.vontobel.com/terms-of-licenses for more details.

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