

Monthly commentary / 31.12.2025

## Vontobel Fund – US Equity

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

### Summary

- In December, the fund performed negatively and lagged the S&P 500.
- By sector, information technology and utilities contributed to relative performance, whereas consumer discretionary and industrials detracted.
- The fund's largest sector overweights versus the benchmark were industrials and communication services, while the largest sector underweights were information technology and energy.

### Market developments

In December, global equities rose moderately, albeit with regional differences. European and emerging market stocks outperformed, while US ones traded largely sideways. Weakening US labor data prompted the US central bank Fed to cut interest rates, which helped sustain US equity performance. On the downside, ongoing concerns about valuations and investments in artificial intelligence (AI) continued to impact the US technology sector, weighing on the S&P 500 Index's engine for returns. While overall consumer confidence weakened, spending remained resilient, feeding debate about a K-shaped economy driven by the highest earners. European equities advanced, as progress towards peace in Ukraine lifted overall sentiment, and leading defense stocks recovered some of their recent pullbacks. Investor rotation out of the US also helped Europe's more defensive plays, including bank stocks, which had a strong earnings season. There was another boost, as Germany launched a EUR 30 billion fund for investment into its energy transition, technology, and industrial modernization as part of the Merz government's plans to raise competitiveness. Elsewhere in international markets, Japan approved a record budget, which raised some concerns about funding for spending plans, but ultimately lifted confidence in the leadership of Prime Minister Sanae Takaichi. Emerging markets finished the year on a positive note, thanks in part to technology stocks that benefitted from the global AI build-out. India's government announced a raft of measures to further liberalize the market, as it looked to extend the economy's strong growth run. Meanwhile, China demonstrated its ability to weather the impact of US tariffs. Its trade surplus topped USD 1 trillion due to surging exports to European and Asian countries, which offset declining sales to the US as well as continued economic weakness.

### Portfolio review

In December, we initiated no new position. However, we sold Home Depot. Given the tough macroeconomic backdrop, the

company has delivered little growth, as it awaits a housing recovery. Despite its quality characteristics, we reallocated the proceeds to quality alternatives offering a better risk-return profile.

### Performance analysis

Top-3 contributors:

Synopsys: The company reported better-than-expected results and forecasts. Management cited a continuation of the strong demand for its solutions. While the growth will be below trend in 2026, given some issues cited last quarter (e.g., its IP segment), there are no concerns for the long term, and Synopsys should be back to a growth trend in the mid-teens. Adobe: The company continues to deliver decent growth and positive beats to expectations. The initial outlook for 2026 calls for another year of double-digit earnings growth. At low valuations, Adobe offers an attractive return, with the company providing a lot of good data points for how growth and demand is staying strong.

Intuit: There is nothing fundamental to report for December, but Intuit is coming off strong results from the prior month, where it continued its strong growth momentum.

Top-3 detractors

Ferguson Enterprises: The company reported broadly good results, but there were some points that make the near term less exciting (i.e., growth headwinds from difficult residential end markets). That and profit-taking after a good year weighed on shares. A recovery in residential would be a source of upside, as is pricing that continues to hold up well. Overall, business runs as usual, including some small bolt-ons, as consolidation in the industry continues.

Autozone: Continued pressure on lower-income consumers means less current demand for Autozones' parts from customers who do their own repair work.

Netflix: The stock declined, as investors worried the recent bid for Warner Bros. could spark a bidding war with Paramount Sky, even though Warner Bros.' board of directors has only accepted Netflix's bid.

**Outlook**

Given the uncertainty surrounding AI and its interwoven role in global equity markets and the broader economy, we believe it is essential to uncover opportunities that are largely independent of the AI evolution. We are seeking both strong growth that can rival AI-driven growth and moderate growth with strong defensive characteristics. We believe this dual strategy will allow our portfolios to generate attractive growth

should the AI narrative continue, while simultaneously mitigating risk by avoiding overexposure to a narrow set of unknowable winners. We expect moderate-growth investments will provide downside protection in the event that the AI story unravels, which could trigger a sharp equity market correction, erode consumer confidence, and potentially push the global economy into recession.

**Fund characteristics**

<b>Fund name</b>	Vontobel Fund – US Equity
<b>ISIN</b>	LU0278092605
<b>Share class</b>	I USD
<b>Reference index</b>	S&P 500 - TR
<b>Inception date</b>	16.3.2007

**Historical performance (net returns, in %)**

<b>Time period</b>	<b>Fund</b>	<b>Ref. index</b>	<b>Time period</b>	<b>Fund</b>	<b>Ref. index</b>
MTD	-0.9%	0.1%	2024	12.2%	25.0%
YTD	10.2%	17.9%	2023	25.3%	26.3%
1 year	10.2%	17.9%	2022	-15.7%	-18.1%
3 yrs p.a.	15.7%	23.0%	2021	18.9%	28.7%
5 yrs p.a.	9.2%	14.4%	2020	16.3%	18.4%
10 yrs p.a.	12.4%	14.8%	2019	30.6%	31.5%
ITD p.a.	9.8%	11.0%	2018	-0.8%	-4.4%
			2017	25.6%	21.8%
			2016	9.3%	12.0%
			2015	7.2%	1.4%

**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**

- 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.
- As the sub-fund focuses on companies that are domiciled and/or conduct the majority of their business in the US, it has a lower degree of risk diversification.
- 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-fund's investments in the medium to long term due to the mitigating nature of the sub-fund's ESG approach. The sub-fund's 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).

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Vontobel Asset Management AG  
Gotthardstrasse 43, 8022 Zürich  
Switzerland  
T +41 58 283 71 11  
[info@vontobel.com](mailto:info@vontobel.com) | [vontobel.com/am](http://vontobel.com/am)