

Monthly commentary / 27.2.2026

## Vontobel Fund II – Global Small & Mid-Cap Opportunities

(until 28.1.2026 known as: Vontobel Fund II – Megatrends)

Marketing document for institutional investors in: AT, CH, DE, ES, FR, GB, IT, LI, LU, SE.

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.

### Market developments

In February, global equities performed well, supported by strong corporate earnings and favorable macroeconomic data. The US stock market lagged, while Korean and Japanese stocks led the gains. Growing geopolitical tensions between the US and Iran drove oil prices higher, boosting energy stocks, albeit the materials and utilities sectors outperformed. In contrast, the communication services and IT sectors struggled to keep pace.

Dominating fears of disruption by artificial intelligence (AI), fueled by advancements like Anthropic's AI tool Claude and speculation spread by social media, triggered selloffs in industries such as legal services, financials, transportation, and software. Many investors played the so-called "AI immunity trade" by shifting toward heavy-asset, low-obsolescence (HALO) sectors. Small caps outperformed large caps, because they are more heavily represented in industries with a high proportion of physical assets, which are generally less affected by AI disruption. At the end of the month, the Middle East conflict escalated into military attacks by the US and Israel on Iran, with counterattacks by the latter.

### Portfolio review

In February, we initiated 6 new positions and closed 4 existing ones. The new additions included 1) Yunnan Energy (Energy Transition), a leading Chinese supplier of lithium battery separators, which we deem heavily well-positioned to benefit from the rising demand for electric vehicles (EV) and renewable energy; 2) CIA Saneamento Basico (Energy Transition), a Brazilian utilities company, which focuses on sustainable water management, hence set to benefit from the global push for environmental sustainability; 3) Western Digital and 4) SanDisk (Foundational Technologies), which both play a critical role as key suppliers of data storage solutions indispensable for AI; 5) Innovent Biologics (Healthcare Innovation), one of China's fastest-growing large-cap biotech companies; and 6) Snowflake (Foundational Technologies), a software company specializing in AI-driven data cloud solutions. In contrast, we exited the positions in 1) Descartes Systems (Foundational

Technologies), 2) Galaxy Digital, 3) Swissquote, and 4) Redcare Pharmacy, the latter three within NextGen Consumer, a theme we currently consider less relevant).

### Performance analysis

In February, the fund performed positively but slightly lagged its reference index. By theme, Energy Transition contributed the most, led by stocks from companies active in transition materials like silver and rare earths, notably Coeur Mining and Lynas Rare Earth. Foundational Technology was the second strongest contributor, driven by stocks related to AI infrastructure, particularly optical equipment, among them Japanese optical cable manufacturer Furukawa Electric, whose share price more than doubled, and US-based optical component provider Lumentum, whose share price climbed by more than 78%. In contrast, NextGen Consumer detracted, primarily due to the underperformance of fintech stocks, among them Upstart Holdings, an AI-powered lending platform, and Zillow, an online marketplace for real estate brokerage.

### Outlook

We deem global small- and mid-cap equities an attractive long-term investment opportunity. After lagging large-cap stocks for a long time, their current valuations are at more compelling levels, while the underlying companies continue to exhibit robust fundamentals with on average stronger earnings growth and more conservative balance sheets than their large-cap peers.

In the medium term, a potentially more favorable macroeconomic environment would be supportive, including the prospect of easing interest-rate conditions, a recovery in mergers & acquisitions (M&A) activity – where small- and mid-cap companies are often natural acquisition targets – and increasing investor demand to diversify their concentrated equity exposure beyond just large-caps.

Finally, the small- and mid-cap segment still is comparatively under-researched. This creates market inefficiencies that we strive to exploit by active management based on our in-depth research.

**Fund characteristics**

<b>Fund name</b>	Vontobel Fund II – Global Small & Mid-Cap Opportunities
<b>ISIN</b>	LU2275724420
<b>Share class</b>	V USD
<b>Reference index</b>	MSCI All Country World Index TR net to 28.1.2026, MSCI ACWI SMID Index TR net thereafter
<b>Inception date</b>	7.6.2021

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

Time period	Fund	Ref. index	Time period	Fund	Ref. index
MTD	3.3%	4.1%	2025	21.8%	22.3%
YTD	6.2%	6.5%	2024	12.6%	17.5%
1 year	27.2%	26.9%	2023	22.4%	22.2%
3 yrs p.a.	17.9%	21.6%	2022	-32.8%	-18.4%
5 yrs p.a.	4.2%	12.2%	2021	6.0%	18.5%
10 yrs p.a.	–	–	2020	48.0%	16.3%
ITD p.a.	12.1%	13.8%	2019	–	–
			2018	–	–
			2017	–	–
			2016	–	–

**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.

Performance prior to 7.6.2021 corresponds to Variopartner SICAV – 3-Alpha Megatrends. Since fund inception until 28.1.2026, the fund had different characteristics and performance was achieved under circumstances that no longer apply.

**Investment risks**

- Investments in Chinese A-Shares are subject to changes in political, economic and social conditions in China as well as changes in the policies of the PRC government, laws and regulations.
- The portfolio has lower risk diversification as the focus lies on companies within a specific investment theme.
- 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.
- 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.
- 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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