

Monthly commentary / 31.12.2025

## Vontobel Fund – Global Corporate Bond

**Marketing document for institutional investors in:** AT, CH, DE, ES, FI, FR, GB, IT, 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.**

### Market developments

We would first like to wish our clients and readers a happy and healthy New Year and thank you for your continued confidence in our Global Corporate Bond Strategy.

In the final month of the year, markets were dominated by a renewed focus on interest rates, as investors reassessed the endgame for central bank easing after a year marked by tariff shocks, geopolitical flare-ups, and policy uncertainty. In the US, the key macro theme remained the gradual deterioration in the labor market that had been building since late summer. The US Federal Reserve (Fed) delivered its third consecutive rate cut of 2025, bringing total easing since September to 75 basis points (bps). This supported risk sentiment broadly, even as concerns persisted around inflation expectations and policy credibility amid repeated political pressure on the Fed. In Europe, the tone was materially different. December saw a fresh sovereign sell-off as markets started to price in a more hawkish medium-term path for the European Central Bank (ECB). Comments from Isabel Schnabel on Bloomberg TV suggested she was “comfortable” with expectations that the next ECB move could be a hike. In addition, the ECB’s December forecasts for growth and core inflation were revised higher, fueling a sharp repricing at the long end. Bund yields briefly moved above their previous March peak (set during the German fiscal stimulus shock), before closing the year around 2.85%. This rate move reinforced the view that Europe’s disinflation narrative has become less linear, especially against a backdrop of heightened fiscal uncertainty in several countries. Across risk assets, December was less about broad directional trends and more about cross-asset divergence driven by policy expectations. US assets continued to benefit from the combination of easier Fed policy and still-resilient growth, while Europe’s rate backup created a more challenging backdrop for duration-sensitive segments. Foreign exchange dynamics also remained a key feature late in the year, as the weaker US dollar trend of 2025 stayed in place and continued to reshape relative performance across regions in US dollar terms.

In fixed income and credit markets, spreads tightened in December, reversing part of November’s widening. The Global Investment Grade index compressed by -3bps, with tightening skewed toward higher-beta buckets (BBB: -4bps) while AAA

widened slightly (+1bps). Within this global move, USD investment-grade (IG) spreads tightened by -3bps, and EUR spreads tightened by -4bps.

### Portfolio review

Issuance was very low in December, in line with typical seasonality. We participated in a new issue from a US healthcare company we had owned in a past, increasing our exposure to the stable medical devices subsector. We also took part in an EUR-denominated deal from a European insurance company issuing subordinated bonds, adding another name to the portfolio. In addition, we used the primary market to execute a switch in a European automaker, as we sold bonds with similar maturity to the new issue to capture a spread pick-up. In the secondary market, we exited our position in a technology name ahead of expected issuance to fund capital investments in 2026.

### Performance analysis

In December, the fund outperformed its reference index, net of fees. It is also worth noting that in 2025, the absolute performance of the fund delivered a return close to 7.5% (in USD, net of fees), which turned out to be a good year for corporate bond investors. In December, the contribution from credit selection was positive for the month. Our bond selection in banking, insurance, and energy contributed the most to the positive performance, slightly offset by negative contribution from technology and leisure. Within banking, our bond-picking in European banks contributed to the positive selection. In insurance, our selection of long-dated, mostly European bonds, contributed to the positive selection.

The contribution from sector allocation was broadly flat. The positive contribution from sectors such as telecommunications (OW), technology (UW), and banking (OW) was offset by a negative contribution from sectors including consumer goods (UW), basic industry (UW), and utility (UW).

In terms of regional exposure, North America and Europe contributed positively. The performance in APAC (ex-EM) was flat, while the performance in EM was slightly negative.

### Outlook

Our outlook for 2026 remains constructive. Global activity indicators have stabilized after last year’s soft patches, with PMIs

pointing to continued expansion. The US labor market remains the key swing factor: any renewed weakening could increase market volatility and quickly reopen the debate around the pace of Fed easing. At the same time, the Fed faces a persistent dilemma in 2026: balancing support for growth and employment against the need to contain inflation pressures that could re-emerge through reshoring/tariffs, supply-side constraints, or geopolitical shocks. This trade-off, in a context of changing Fed leadership, could keep rates markets more volatile than in a “clean” disinflation cycle. In Europe, growth remains more policy-supported (higher fiscal deficit in Germany and France), and the ECB is likely to proceed cautiously as well, as suggested by recent comments from executive board members like Isabel Schnabel. Overall, we continue to expect a slow policy convergence between the Fed and the ECB over the next 12 to 18 months, which remains supportive for credit.

Corporate fundamentals remain a solid anchor heading into 2026. Earnings momentum has been resilient, with most sectors still able to protect margins and maintain healthy liquidity buffers. We expect credit metrics to remain broadly stable across sectors (excluding hyperscalers), supported by disciplined cost control and still-benign default conditions in the

higher-quality space. Tariff exposure remains uneven across sectors and regions, and we expect dispersion to persist, especially for cross-border business models and industries with complex supply chains. Rating momentum should remain positive, albeit at a slower pace than in prior years.

Technical conditions should remain supportive, although 2026 is likely to bring record gross supply. Two drivers stand out: first, heavy financing needs linked to AI-related capital expenditure (particularly from hyperscalers and their ecosystems) and second, a broader pickup in strategic M&A activity as confidence improves. That said, demand remains deep. Investors are still attracted by compelling all-in yields, and “buy-the-dip” behavior is likely to continue to emerge, provided the macro backdrop remains supportive.

Valuations remain tight in spread terms, yet the yield cushion, especially in USD credit, is still meaningful –and is poised to help absorb bouts of volatility. We continue to view 2026 as favorable for credit, provided investors remain active in relative-value positioning across sectors and ratings, as well as across currencies, where Yankee issuers in USD continue to offer strong relative value. BBs still offer attractive risk-adjusted carry overall, in our view.

#### Fund characteristics

<b>Fund name</b>	Vontobel Fund – Global Corporate Bond
<b>ISIN</b>	LU1395537134
<b>Share class</b>	I USD
<b>Reference index</b>	ICE BofAML Global Corporate Index (USD hedged)
<b>Inception date</b>	9.5.2016

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

Time period	Fund	Ref. index	Time period	Fund	Ref. index
MTD	-0.1%	-0.2%	2024	3.7%	4.0%
YTD	7.4%	6.9%	2023	8.8%	9.0%
1 year	7.4%	6.9%	2022	-15.0%	-14.0%
3 yrs p.a.	6.6%	6.6%	2021	-0.6%	-0.8%
5 yrs p.a.	0.5%	0.7%	2020	9.3%	8.2%
10 yrs p.a.	–	–	2019	13.6%	12.5%
ITD p.a.	3.3%	3.1%	2018	-1.7%	-0.9%
			2017	7.6%	5.7%
			2016	–	–
			2015	–	–

#### 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

- 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.
- 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.
- CoCo-Bonds may entail significant risks such as coupon cancellation risk, capital structure inversion risk, call extension risk.
- 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](https://vontobel.com/sfdr).

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