

Quarterly commentary / 31.12.2025

Vontobel Fund (CH) – Sustainable Swiss Equity Income Plus

Marketing document for institutional investors in: CH.

Market developments

In the fourth quarter of 2025, particularly in October and November, the Swiss equity market was influenced by the reporting of domestic companies for the previous fiscal period. At times investors reacted strongly to the published results, which led to significant fluctuations in the prices of the relevant stocks. A strong and broadly supported rally on the Swiss stock exchange at the end of the year ultimately resulted in a quarterly gain of 8.8%, as measured by the Swiss Performance Index (SPI). International equity markets followed a similar pattern, with the global equity index MSCI World reaching new record highs during the quarter.

The US Federal Reserve also contributed toward this, lowering its policy rate by 25 basis points in both October and December to its current level of 3.5-3.75%. By contrast, the Swiss National Bank left its policy rate unchanged at 0%. There is still the possibility of it turning negative, given that inflation remains moderate and the Swiss franc is strong. The strong franc acts as a burden on many Swiss exchange-traded companies, as a significant portion of their revenues are generated abroad.

The occasional bursts of volatility in the equity markets were also driven by the new US import tariffs under the Trump administration, as well as the resulting agreements with US trading partners. The US reduced its tariff rate for Switzerland from 39% to 15% after persistent negotiations. In return, Swiss business representatives committed to making substantial investments in the US. This deal didn't just ease the situation for Swiss companies, particularly those with a high share of revenue in the US but little production there – it also improved matters for investors and the markets. The uncertainty in the pharmaceutical sector was resolved when the US government made an agreement with the two Swiss pharma giants Novartis and Roche – who had already announced investments in the US and then reaffirmed them – that US import tariffs would not apply to medications for the next three years, while prices for certain medications in the US would be reduced.

The issue of Artificial Intelligence (AI) continued to influence the Swiss equity market. Concerns among investors about an AI bubble emerged due to potentially overly optimistic projections of future earnings from AI investments. However, these concerns temporarily subsided when US tech giant Nvidia reported its quarterly results, along with a positive outlook for the next quarter.

Significant losses on international markets were triggered by fears of a crisis in the “private credit” sector, where lending is characterized by opacity as well as uncertainties about borrower creditworthiness. The concern was sparked by a liquidity shortage at a US automotive supplier.

Portfolio review

Equity portfolio: In the fourth quarter of 2025, we significantly increased our existing position in UBS. It recently became clearer that future capital requirements could be shaped more in favor of the banking giant, reigniting investor hopes for capital repayments. We also significantly increased our position in Roche, as we expect the CEO's reforms in 2026 to bear fruit. A number of important study results are expected to be released in the first half of 2026, which we are confident about. We recently added Swissquote to the portfolio, in the expectation that the financial company would deliver positive annual results thanks to strong net new money inflows combined with cost reductions. We significantly reduced our existing positions in Givaudan, Lonza, and SPS for the following reasons: Givaudan's growth in the fragrances segment may normalize after four very strong years. SPS saw strong price gains in the first half of 2025 due to its focus on asset management, reaching what we consider a solid level. As for Lonza, we do not expect any upward revision of the estimates for 2026 and we also anticipate weaker demand at the new American production facility in Vacaville, since the major pharma companies have reached an agreement with the Trump administration to expand their own production capacities in the US. We fully liquidated our position in Barry Callebaut due to expected weak volume development over the next few quarters, which is partly a result of the cocoa price still being relatively high. **Permanent options strategy:** This strategy led to opportunity costs of approximately -1.6% in Q4 2025, mainly because the Swiss equity market (SPI) rose strongly by nearly 9% overall. The strategy acted as a drag on returns in November in particular, reducing them by around -0.9%. This was due to the positive SPI trend, as well as strong price spikes in individual stocks. Since the level of dispersion among individual stocks observed in previous periods remains high, we kept the allocation low at only around 52%. This conservative approach helped to partially limit opportunity costs in the strong market environment.

Dynamic options strategy: We deployed this strategy in early November since our business-cycle model Wave – which is

used as the basis for the dynamic options strategy – generated a signal for the first time since September 2024. The model signaled a short-term contraction regime due to weakening global economic data, which is why we additionally and gradually sold index options totaling approximately 10% of the portfolio. The dynamic options strategy had a slight drag of -0.1%, as the economic picture quickly brightened again.

Performance analysis

The fund (I-Class) gained value in Q4 2025 but lagged behind the SPI. The equity strategy dragged by -0.2% and the options strategy by -1.7%. The residual attributable to management and other costs, liquidity, and performance contributions that cannot directly be attributed accounted for -0.3%.

Equity strategy: Overweights in Temenos, UBS, and VAT contributed the most positively. The non-engagement in Swisscom and Georg Fischer also helped. By contrast, overweights in Interroll, Schindler, and SMG acted as a drag. Interroll's order intake appears to have passed its low point and should gradually recover as e-commerce picks up. The marketplace company SMG is expected to remain largely unaffected by AI-related disruption.

Options strategy: The strong increase in the overall market (SPI) and price movements in individual stocks held back performance. SPI heavyweight Roche was the reason behind the largest opportunity costs in the portfolio. The stock rose by about 20% within just a few days following the publication of a successful Phase III study in November. This naturally limited gains from selling the upside potential. Diversifying across four different call option entry points only partially mitigated risk, due to the short duration and intensity of the price spike. Our active investment decision regarding Nestlé had a positive effect. Following the announced change of CEO and ahead of the publication of the company's quarterly results, we reduced our exposure to the security to only around 20% instead of the usual 70%. After Nestlé released its report we rebuilt our position in it toward the target allocation. This proved to be the correct decision, as the company's stock price subsequently rose significantly. Reducing the allocation overall in Q4 helped us to cushion opportunity costs in a positive market environment. Now, we are gradually increasing it back to the target allocation. In the process, we are monitoring the reporting season closely and proceeding conserva-

tively since experience shows that realized volatility often exceeds implied volatility, increasing the likelihood of price spikes.

Outlook

We are confident that the geopolitical situation will stabilize during the course of 2026. An easing of tensions in Europe, especially with regard to the Ukraine conflict, could further improve the business climate. Infrastructure programs and closer economic cooperation between Switzerland and the European Union could promote the reconstruction of war-damaged areas, which would support economic growth. This would particularly benefit Swiss industrial companies, which traditionally profit from a stable European market.

From a monetary policy perspective, we expect the Fed to continue lowering its policy rate, which would make life easier for investors. With US President Donald Trump pursuing pro-growth policies ahead of the upcoming midterm elections, further agreements regarding import tariffs with US trading partners are likely. Additionally, the Trump administration has introduced the "One Big Beautiful Bill", providing broad-based tax incentives to stimulate economic growth.

Despite our positive outlook, we remain cautious in light of the ongoing uncertainties. AI, as well as the enormous investments in it, remain in the spotlight. Progress in integrating AI into corporate processes and the resulting efficiency gains is eagerly anticipated. We continue to expect positive momentum for the overall economy as a result. However, questions remain regarding the monetization of AI services, and as a result also indirectly the financing of huge projects. It also remains to be seen whether European infrastructure plans will materialize in 2026, and whether initial funds will be released on schedule or will face delays.

In the current environment, the fund's strategy – focused on three key alpha sources – equity participation, dividends, and option premiums – remains crucial. We consider this approach particularly suitable because we expect a moderate rise in global equity markets in the short term, which could limit the ongoing uncertainties. We will continue to apply the highest quality standards when selecting companies for the equity portfolio and will coordinate allocations precisely and strategically with the options strategy.

Fund characteristics

Fund name	Vontobel Fund (CH) – Sustainable Swiss Equity Income Plus
ISIN	CH1303570159
Share class	I CHF
Reference index	Swiss Performance Index (SPI)
Inception date	14.3.2024

Historical performance (net returns, in %)

Time period	Fund	Ref. index	Time period	Fund	Ref. index
MTD	2.8%	3.2%	2024	–	–
YTD	10.9%	17.8%	2023	–	–
1 year	10.9%	17.8%	2022	–	–
3 yrs p.a.	–	–	2021	–	–
5 yrs p.a.	–	–	2020	–	–
10 yrs p.a.	–	–	2019	–	–
ITD p.a.	6.2%	9.9%	2018	–	–
			2017	–	–
			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

- Limited participation in the potential of single securities.
- 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.
- Price fluctuations of investments due to market, industry and issuer linked changes are possible.
- Investments in mid cap companies may be less liquid than investments in large cap companies.
- With the use of a covered call options strategy the participation in the potential positive price development of the underlyings is limited.
- There is no guarantee that all sustainability criteria will always be met for every investment. Negative impact on sub-fund's performance possible due to pursuing sustainable economic activity rather than a conventional investment policy.
- 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.

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