

Monthly commentary / 27.2.2026

Vontobel Fund – Swiss Franc Bond Foreign

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

Each week of February brought new developments that affected geopolitics and the global economy. From central bank announcements and political upheavals to military maneuvers, the world experienced a cascade of events that posed significant challenges for markets and policymakers. The month began with a cautious Bank of England (BoE). By a narrow vote of 5 to 4, the BoE decided to keep the policy rate unchanged at 3.75%. The minutes of the meeting revealed a more cautious tone than expected, with downward revisions to inflation and GDP forecasts and an upward revision to the unemployment rate. In Japan, the Liberal Democratic Party (LDP), led by Sanae Takaichi, secured a historic landslide victory in snap elections, winning 316 seats in the lower house, an unprecedented two-thirds majority since World War II. This victory enables the LDP to pass legislation without approval from the upper house and paved the way for the smooth implementation of key policy measures, including the special law to finance budget deficits. Bond markets reacted surprisingly calmly. The Takaichi administration's focus on fiscal discipline and a healthier economic outlook appeared to reassure investors. However, in our view, the long-term implications of increased spending for the budget and defense remain significant, with potential upward pressure on yields. The second week of February brought an unexpected twist in the US labor market. January employment figures exceeded expectations, with 130,000 new jobs created (double the forecast) while the unemployment rate fell to 4.3%. Analysts quickly tempered their enthusiasm, attributing the increase to unusually mild weather and statistical peculiarities such as the so-called "birth-death model." Moreover, despite the headline figures, the underlying data showed that employment growth was largely concentrated in private healthcare and hospitality, while consumer confidence regarding job prospects remained subdued. Inflation data also presented a mixed picture. The Consumer Price Index (CPI) surprised to the downside of estimates with a moderate increase of 0.2%. While tariffs continued to exert upward pressure on goods prices, used car prices declined more than expected. In Japan, Bank of Japan (BoJ) policymaker Naoki Tamura hinted at a potential rate hike by the spring, depending on whether the inflation target is reached or whether strong wage growth materializes in the third consecutive annual wage negotiation round (Shunto).

His remarks made clear that Japanese policy rates, still far from a neutral level, could rise above 1% if inflation remains persistently high. In a dramatic turn of events late on Friday of the third week of February, the US Supreme Court struck down tariffs imposed under the International Emergency Economic Powers Act (IEEPA). While the ruling was seen as a victory for the principle of "checks and balances," US President Donald Trump quickly invoked "Section 122" to maintain the tariffs, although this too rests on a rather fragile legal foundation. In the final week of February, Takaichi made a bold move by nominating two deflationist university professors, Ayano Sato and Toichiro Asada, as successors to the departing members of the BoJ. The announcement signaled a continuation of the BoJ's accommodative stance, slightly weakening the yen while leaving bond prices largely unaffected. At the beginning of February, neither the European Central Bank's (ECB) monetary policy statement nor the subsequent press conference provided any indication that the ECB might change its interest-rate policy. We therefore continue to believe that the ECB prefers to keep policy rates unchanged at 2% as long as the political and geopolitical environment presents both opportunities and risks for the economy. As long as the Eurozone economy continues to recover, the ECB is unlikely to see any reason to alter its current "good position," even if inflation temporarily undershoots its target. However, according to ECB President Christine Lagarde, a stronger euro could represent a potential vulnerability within this "good position." The real shock, however, came at the very end of the reporting period with "Operation Epic Fury," the coordinated attack by the US and Israel on Iran, which pushed oil prices higher and reduced investors' risk appetite. For markets, however, the duration of the conflict will be crucial, as only a sustained period of elevated oil prices would significantly affect global growth and inflation. As a rule of thumb, a rise in oil prices of USD 20 would increase inflation by roughly 80 to 100 basis points (bps) and reduce global growth by around 10 to 20 bps, assuming oil prices remained at that level for approximately three months.

Portfolio review

At the end of February, the fund's assets stood at around CHF 127 million. Overall, we remained more heavily invested in corporate bonds than the benchmark. We sold some of

what we considered expensive bonds and selectively added positions from primary and secondary markets. We continue to maintain a slight underweight in bonds with maturities of over 15 years, as we consider their risk/return profile unattractive. As of the end of January, the fund's cash position was 2.97% (previous month: 1.93%). Duration stood at 4.61 years (4.54), flat versus the benchmark at 4.61 years (4.51). The breakdown by rating category was as follows: AAA 16.70% (17.03%), AA 16.26 (15.12%), A 35.97% (38.49%), BBB 26.73% (26.05%), and BB 1.37% (1.38%). The average rating of the bonds held in the fund was a solid A, and that of the benchmarks is AA-.

Performance analysis

The fund (I share class) generated a positive total return in February and outperformed only slightly the benchmark. The portfolio's term structure positioning contribution, especially on the 5- to 10-year bucket, was positive due to decreased rates at that rate segment. However, our higher credit risk exposure contributed slightly negatively to the relative performance due to slight credit spread widening in US corporates, especially in the insurance sector. Our activity in both the primary and secondary markets also generated a slightly positive contribution to the relative performance.

Outlook

Global growth remains broadly stable but continues to be shaped by various sources of uncertainty. In the US, economic activity remains robust, with a slight tendency toward acceleration. At the same time, the labor market appears largely frozen: only few new jobs are being created, while large-scale layoffs have so far failed to materialize. Risks to the economic outlook continue to stem from the still mildly restrictive interest-rate environment as well as from geopolitical tensions that could once again disrupt global supply chains. An additional risk arises from the rapidly expanding US pri-

mate credit market. Rising interest rates, increasing credit defaults, and limited liquidity could weaken corporate financing conditions and dampen investment activity. In the euro area, trade tensions with the US continue to weigh on economic activity. At the same time, stronger fiscal impulses, particularly through higher investment in defense and infrastructure, are likely to increasingly support growth. In Switzerland, economic growth has recently surprised on the upside. Export-oriented sectors, in particular, are benefiting from more stable global demand, which has slightly improved the growth outlook for 2026. On the inflation front, US tariffs may temporarily lead to higher goods prices. However, these effects are likely to be limited by weaker consumer demand. At the same time, supply-side risks persist due to geopolitically driven disruptions to global supply chains. The longer such disruptions persist, the more inflationary they could become. In the euro area, goods prices could remain mildly disinflationary in the near term as US tariff policies redirect trade flows and create additional price pressure. For Switzerland, we continue to expect inflation to remain near the lower bound of the Swiss National Bank's (SNB) target range. Against this backdrop, central banks are likely to pursue different monetary policy paths. In the US, we expect the Federal Reserve to begin cutting rates from September onwards, gradually lowering policy rates toward a neutral level of around 2%, partly due to ongoing political pressure and signs of a softer labor market. In contrast, we do not expect further rate cuts in the euro area in the coming months. The BoJ is likely to continue its normalization path and could implement two additional rate hikes in the second half of 2026, bringing policy rates to around 1.25%. In Switzerland, we do not expect rate cuts this year. However, additional pressure on the SNB could arise from a further rapid appreciation of the Swiss franc, particularly against the euro.

Fund characteristics

Fund name	Vontobel Fund – Swiss Franc Bond Foreign
ISIN	LU0278084768
Share class	I CHF
Reference index	SBI® Foreign Rating AAA Total Return to 5.5.2025, SBI® Foreign Rating AAA-BBB Total Return thereafter
Inception date	12.6.2008

Historical performance (net returns, in %)

Time period	Fund	Ref. index	Time period	Fund	Ref. index
MTD	0.5%	0.5%	2025	0.7%	0.4%
YTD	1.2%	1.2%	2024	4.7%	4.4%
1 year	2.2%	2.1%	2023	5.1%	4.6%
3 yrs p.a.	3.6%	3.4%	2022	-9.7%	-9.3%
5 yrs p.a.	0.1%	0.0%	2021	-1.3%	-1.4%
10 yrs p.a.	0.0%	-0.1%	2020	0.0%	0.4%
ITD p.a.	1.8%	1.8%	2019	2.3%	1.6%
			2018	-1.2%	0.1%
			2017	-0.2%	-0.2%
			2016	1.4%	0.5%

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

- 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.
- 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.
- CoCo-Bonds may entail significant risks such as coupon cancellation risk, capital structure inversion risk, call extension risk
- 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.

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