Quarterly commentary / 30.9.2025

Vontobel Fund (CH) – Sustainable Swiss Equity Income Plus

Marketing document for institutional investors in: CH.

Market developments

In the third quarter of 2025, international financial markets were generally solid, albeit volatile. This was driven by falling oil prices, which had a notably dampening effect on inflationary pressure as well as by monetary policy decisions, especially those of the US Federal Reserve. The Fed lowered its benchmark rate by 25 basis points in mid-September to a new target range of 4.0-4.25%, ushering in a cautious easing phase, which it could continue in the coming months if suggested by economic data. The European Central Bank (ECB), however, left its key interest rate unchanged, but could lower it in the fall dependent on the inflation data. Although the ECB viewed Germany's milder inflation, in particular, as a good sign, it still found it too premature to sound the all-clear. Above all, global trade tensions could burden exports, investments and consumption, and therefore threaten economic growth. Nonetheless, the EuroStoxx 50 (CHF hedged) ended the quarter up +4.6%.

The US economy remained robust. The S&P 500 reached a new all-time high at the end of September, supported mainly by hopes of Fed rate cuts. The strong performance of technology shares and AI-related securities also boosted the US equity market. In the US technology sectors, Nvidia posted impressive half-year figures that exceeded expectations and supported the semiconductor market and data center market. The S&P 500 increased by 8.2% overall in the third quarter and the Nasdaq Tech Index by 11.5%.

The Swiss equity market painted a picture of two parts: the defensive stocks in the Swiss Market Index—which represents the 20 largest Swiss companies in terms of their market capitalization (large caps)—were stable, underpinned by the global business models, strong balance sheets and continuous dividend payouts by the underlying companies. They offered investors a secure anchor. However, the Swiss business representatives met the US government's harsh decision to impose tariffs of 39% on August 1 with incomprehension, having originally expected 10-15% on Swiss imports, such as luxury goods and machine engineering components. Initial forecasts assume this could reduce Swiss gross domestic product (GDP) by up to 1%. The US tariffs pose a significant structural challenge for small to medium-sized companies that depend heavily on the US, as they have to adjust their sales strategies at short notice or relocate parts of their production to the US. In the pharma sector, the debate about drug prices in the US remained a key topic. While drugs were initially exempt from import tariffs, drastic increases in the coming years were suddenly on the cards. The Swiss financial market also celebrated the listing of Swiss Marketplace Group (SMG), the largest IPO in Europe so far this year. SMG operates some of the best-known online marketplaces in Switzerland, including platforms such as ImmoScout24, AutoScout24, Homegate and Ricardo, to name but a few. The company was founded in 2021 through the merger of several platforms of other companies. The founding partners include TX Group, Ringier, Mobiliar and the US investor General Atlantic.

On the international stage, US President Donald Trump attracted attention with his speech at the UN General Assembly, where he emphasized his "America First" agenda, tougher action on international trade and held out the prospect of further tariff measures. The latest US import tariffs imposed are putting a burden on European exporters and indirectly on Swiss exporters too. Although the US and the EU recently agreed to reduce the tariffs for cars, the underlying orientation of US trade policy remains uncertain. How this develops is important for Switzerland as a small, export-oriented economy, as its key sectors, including industry and medical technology, are incorporated in the global value chains.

Portfolio review

Equity portfolio: We made various adjustments in the third quarter of 2025. These included new investments in Accelleron, Belimo and Interroll as well as in SMG, which was recently listed on the Swiss Stock Exchange. Interroll is likely to benefit from an increase in incoming orders from the e-commerce industry. In our view, SMG is in a sound financial position and has considerable revenue and margin potential, particularly compared to its peers, which achieve margins of up to 80%. This strength was reflected in an ambitious share valuation, which made the investment case interesting for us. We were already actively involved since the initial talks concerning the listing, spoke with analysts and experts, met repeatedly with the management and could finally build up an impressive position despite the share being heavily oversubscribed. We currently view the differences of opinion between SMG and the Price Supervisor and Swiss Competition Commission as the greatest risk, and attribute the share's muted price performance to date to these uncertainties. Nonetheless, they do not detract from our conviction that the share price will appreciate in the coming months and years—a fundamental reason for our investment.

We significantly increased our current position in Richemont in light of continued strong sales in the US jewelry business, which should enable the company to substantially increase prices further. We also increased the current position in ABB, as we drew confidence from the continued strong momentum in electrification and further optimization of the portfolio by spinning off the more cyclical robotics business with lower margins.

In contrast, we disposed fully of our positions in Clariant, Georg Fischer, Sulzer and Sunrise. Clariant faces a further decline in demand in the chemical sector and we see no sign of improvement for 2026. Sulzer failed to meet the targets set for the full year. The persistent strong competitive pressure in the mobile communications business prompted us to exercise caution on Sunrise, which is why we took profits.

We reduced the position in Givaudan, as the comparative basis will be extremely challenging for both the third quarter and the first half of 2026. The consumer environment is also becoming increasingly more difficult. We have become more cautious in the face of the sharp rise in the share prices of insurers Baloise and Swiss Life, which is why we also took profits here.

Permanent options strategy: This led to opportunity costs of around 40 basis points in the third quarter. The strategy had a dampening effect in July and August but made a slightly positive contribution in September. The sometimes considerable performance gaps between strong and poorly performing shares were striking—especially in July, when many companies presented their half-year results. This can generally be more of a hindrance for covered call strategies. Although the broad dispersion meant the overall market moved sideways, the options strategies were unable to generate any added value. In this environment, we opted temporarily for a somewhat more defensive write ratio of around 60% in the portfolio, in order to keep the opportunity costs as low as possible. The permanent options strategy generated premiums of 1.3% over the entire quarter.

As in the previous quarters of the current year, the dynamic options strategy was not used. Our in-house economic cycle model “Wave”, which acts as the decision-making basis for the dynamic components, correctly displayed a positive environment for equity markets in the quarter. We therefore made the decision not to write any additional index calls, so that we could fully capitalize on the upside potential of the equity markets.

Performance analysis

The fund (I-unit class) was in positive territory in the third quarter but lagged behind the SPI. The equity strategy (-0.2%) and the options strategy (-0.5%) had a dampening effect. Residual effects arise from management costs and other costs, liquidity and securities that cannot be directly allocated.

Equity strategy: Our overweights in Baloise, Logitech and UBS generated the strongest positive contributions. The Baloise share benefited from the synergies fantasy arising from the merger with Helvetia. The Logitech share was buoyed by tailwind, when it became clear that the company is able to offset a portion of the new tariff costs through lower production costs and price increases. Following the announcement of possible new capital requirements, the UBS share bottomed out and benefited from the recent strong transaction activity of its clients. Positive contributions also came from our underweights in Kühne + Nagel and PSP. However, our overweights in Lindt, Straumann and VAT Group had a dampening effect.

Options strategy: This strategy created some difficulties due to the large performance gaps between individual stocks that arose throughout the entire quarter. These ranged from a quarterly performance of well over 20% (including ABB, Barry, Logitech) to more than -18% (SIG Group, Sika, Straumann). Some stocks posted major gains, especially in July, after publication of their half-year results, which is why the options written on ABB, Holcim, Temenos or UBS incurred costs of several basis points. The temporary reduction in the write ratio helped to cushion these costs in a market environment in which actual volatility was mostly higher than implied volatility. The main reason for this was especially the uncertainty in relation to the tariff negotiations with the US, which ended with the highest tariffs being imposed on Switzerland. Due to risk considerations in this situation, we used additional options in those weeks to better protect ourselves against potential price fluctuations in either direction. However, these hedging measures did not take effect, as the large, international Swiss companies, in particular, reacted quite calmly to the tariff blow.

Outlook

The global environment remains tense and uncertain. The tariff discussions are still ongoing. Because many companies have increased their inventories in the US, the tariff-related increase in inflation is yet to come. If central banks then refrain from the anticipated key interest rate cuts, this will likely weigh on the financial markets.

In Europe, investors have their eye on the development of the industrial and services sectors. Government spending on infrastructure and defense in the months ahead is also expected to drive up the demand for goods and machinery in other economic sectors. Swiss companies that rely heavily on Europe also stand to benefit from this.

In Switzerland it still remains to be seen whether the SNB will lower its key interest rate from currently 0% into negative territory in the near future. On the one hand, another rate cut would benefit export-oriented companies by weakening the Swiss franc and making Swiss goods cheaper abroad, thus favoring demand for them. On the other hand, it would also support domestic consumption by enabling households and businesses to borrow more cheaply.

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
MTD	-1.0%	-0.9%
YTD	4.2%	8.2%
1 year	-0.2%	3.1%
3 yrs p.a.	–	–
5 yrs p.a.	–	–
10 yrs p.a.	–	–
ITD p.a.	3.0%	5.7%

Time period	Fund	Ref. index
2024	–	–
2023	–	–
2022	–	–
2021	–	–
2020	–	–
2019	–	–
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.

Important legal information
This marketing document was produced by one or more companies of the Vontobel Group (collectively "Vontobel") for institutional clients, for distribution in CH.
This document is for information purposes only and does not constitute an offer, solicitation or recommendation to buy or sell shares of the fund/fund units or any investment instruments, to effect any transactions or to conclude any legal act of any kind whatsoever. Subscriptions of shares of the fund should in any event be made solely on the basis of the fund's current sales prospectus (the "Sales Prospectus"), the Key (Investor) Information

Document ("K(I)ID"), its articles of incorporation and the most recent annual and semi-annual report of the fund and after seeking the advice of an independent finance, legal, accounting and tax specialist. This document is directed only at recipients who are institutional clients, such as eligible counterparties or professional clients as defined by the Markets in Financial Instruments Directive 2014/65/EC ("MiFID") or similar regulations in other jurisdictions, or as qualified investors as defined by Switzerland's Collective Investment Schemes Act ("CISA").
Neither the fund, nor the Management Company nor the Investment Manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of an assessment of ESG research and the correct execution of the ESG strategy. As investors may have different views regarding what constitutes sustainable investing or a sustainable investment, the fund may invest in issuers that do not reflect the beliefs and values of any specific investor.
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.
Interested parties may obtain the above-mentioned documents free of charge from the fund management company: Vontobel Fonds Services AG, Gotthardstrasse 43, 8022 Zurich or the custodian bank: State Street Bank International GmbH, Munich, Zurich branch, Beethovenstrasse 19, 8027 Zurich.
This document is not the result of a financial analysis and therefore the "Directives on the Independence of Financial Research" of the Swiss Bankers Association are not applicable. Vontobel and/or its board of directors, executive management and employees may have or have had interests or positions in, or traded or acted as market maker in relevant securities. Furthermore, such entities or persons may have executed transactions for clients in these instruments or may provide or have provided corporate finance or other services to relevant companies.
Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor. Any product based on an index is in no way sponsored, endorsed, sold or promoted by the applicable licensor and it shall not have any liability with respect thereto. Refer to am.vontobel.com/terms-of-licenses for more details.
Although Vontobel believes that the information provided in this document is based on reliable sources, it cannot assume responsibility for the quality, correctness, timeliness or completeness of the information contained in this document. Except as permitted under applicable copyright laws, none of this information may be reproduced, adapted, uploaded to a third party, linked to, framed, performed in public, distributed or transmitted in any form by any process without the specific written consent of Vontobel. To the maximum extent permitted by law, Vontobel will not be liable in any way for any loss or damage suffered by you through use or access to this information, or Vontobel's failure to provide this information. Our liability for negligence, breach of contract or contravention of any law as a result of our failure to provide this information or any part of it, or for any problems with this information, which cannot be lawfully excluded, is limited, at our option and to the maximum extent permitted by law, to resupplying this information or any part of it to you, or to paying for the resupply of this information or any part of it to you. Neither this document nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law. Persons who receive this document should make themselves aware of and adhere to any such restrictions. In particular, this document must not be distributed or handed over to US persons and must not be distributed in the USA.

Vontobel Asset Management AG
Gotthardstrasse 43, 8022 Zürich
Switzerland
T +41 58 283 71 11
info@vontobel.com | vontobel.com/am