Monthly commentary / 29.5.2026

Vontobel Fund – Global Corporate Bond

Marketing document for institutional investors in: AT, CH, DE, DK, 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
The Middle East remained the main market driver in May, but unlike in April, the news flow ultimately turned constructive, fueling a strong rally across risk assets. Hopes for a US-Iran deal gathered momentum, sending Brent crude down -19.3% on the month (its largest monthly decline since March 2020) as stagflation fears eased. That backdrop supported equities, with the S&P 500 Index up +5.3% in total return terms, reaching a record. Enthusiasm around artificial intelligence (AI) returned with force: the Philadelphia semiconductor index surged +22.2% (+81.5% year to date); while elsewhere, the STOXX 600 rose +3.2% and Japan's Nikkei gained +11.9%.
The month began on strong footing, as an Axios report on May 6 suggested the US and Iran were close to a one-page memorandum to end the war and frame nuclear negotiations, pulling Brent from USD 114.44 per barrel to about USD 100 per barrel within a few days. Strong US data reinforced the tone, with April payrolls surprising at +115,000. But sentiment soured mid-month, as US President Donald Trump rejected Iran's proposal, calling it "Totally Unacceptable!" on May 10. He also warned the ceasefire was on "massive life support." With the Strait of Hormuz still blocked, oil recovered, and a firm US core CPI print on May 12 revived inflation concerns. The 6-month Brent future closed at USD 92.76 per barrel on May 18, its highest level since the conflict began.
Inflation concerns pushed sovereign yields to multi-year highs, with several records achieved on May 19: the 30-year Treasury was at a post-2007 high of 5.18%, the 10-year Bund at a post-2011 high of 3.19%, and Japan's 10-year at a post-1997 high of 2.78%. In the UK, the 10-year gilt touched a post-2008 high of 5.17% on May 15 amid political turbulence around Prime Minister Keir Starmer, before rallying as fiscal-rule fears subsided. Gilts ultimately fell -20 basis points (bps) to 4.81%. Renewed optimism late in the month, including a reported 60-day memorandum of understanding to extend the ceasefire, drove oil lower, with Brent closing at USD 92.05 per barrel. The S&P 500 ended in positive territory seven sessions running, while the 10-year Treasury fell for seven consecutive sessions for the first time in more than a year. Euro sovereigns gained +1.1% and gilts +2.0%, while Treasuries edged up +0.1% as investors brought forward hike expectations by the US Federal Reserve (Fed). Gold fell for a third month, down -1.7% to USD 4,540 per ounce.

In fixed income and credit markets, May extended the tightening trend as receding stagflation fears supported spreads across the board. Global investment grade (IG) tightened -6bps (BBB: -8bps), with USD IG outperforming at -8bps (BBB: -10bps) versus EUR IG at -3bps (BBB: -4bps), as the US market caught up following April's European-led rally. Subordinated and higher-beta segments lagged the broad move this month: European bank CoCos tightened only -4bps, EUR financial subordinated in general tightened -6bps, while global hybrids tightened by -7bps.

Portfolio review
The primary market remained strong in May, as measured by volume. We selectively participated in new deals, mostly from European companies issuing EUR-denominated bonds. Our activity included transactions in the European banking and insurance sectors. We started a position in a European bank and in two insurance companies that are infrequent issuers, all within the subordinated debt space. We also participated in a sterling Tier 2 deal from a UK bank, increasing our exposure to that currency, and we initiated a position in another UK subordinated insurance bond in EUR. We took part in a jumbo deal from a US media company (long-dated USD), and in two deals from companies in the basic industry sector. We initiated a position in a rare US utility issuer that issued its inaugural EUR hybrid bond, achieving a pick-up in spread versus the utility subordinated bond we sold. Lastly, we used the new issue market to execute a cross-currency switch in a European automaker in which we shortened duration and realized a spread pick-up compared to the USD bond we owned.
In the secondary market, we executed switches in the energy sector, as we continued to optimize our holdings. We also executed a switch to extend maturity in a highly rated US retailer. In the basic industry sector, we initiated a position in an emerging-market (EM) credit with positive ratings momentum and took profit in another EM corporate that performed well recently. Lastly, we took profit in a European capital goods company.

Performance analysis
In May, the fund outperformed its reference index, net of fees. The contribution from credit selection was positive. Our bond selection in energy, healthcare, and financial services contributed the most to the positive performance, partly offset by a

negative contribution from sectors such as utility, technology, and real estate. Within energy, our bond-picking in mid-stream and exploration and production contributed to the positive credit selection in the fund. In healthcare, our selection in health insurers and hospitals contributed well to the positive selection. In utility, European subordinated debt and a few short-dated USD bonds contributed most to the negative performance, while intermediate and long-dated bonds from US companies drove the negative selection in technology.
The contribution from sector allocation was negative. The positive contribution from sectors such as telecommunications (OW), retail (UW), and energy (OW) was offset by a negative contribution from sectors including technology (UW), consumer goods (UW), and healthcare (UW).
In terms of regional exposure, Europe and America contributed positively. The performance in APAC (ex-EM) and EM was negative.

Outlook

Global PMIs remain consistent with an economy still in expansion, but the inflation outlook continues to be blurred by the war in the Middle East. While we believe negotiations are broadly heading in the "right" direction, the situation offers no shelter from a harsh reaction by either side, which could spike oil prices at any moment. The impact of inflation appears uneven across regions: the euro area is more exposed to energy imports and faces a more direct inflation impact, which is one reason markets have priced a more hawkish path by the European Central Bank (ECB) into 2026, while the Fed benefits from greater domestic insulation. In our view, markets remain short-sighted and wary of a repeat of the 2022-2023 hiking cycle, but we believe central banks' hawkishness this time is poised to be more pragmatic and efficiently implemented. Both also start from a different point, with rates higher and policy less stimulative than during the extraordinarily loose post-Covid period, which we believe is likely to help limit the risk of a persistent inflation spiral.
Credit fundamentals remain a key anchor and remain generally stronger than expected. Q1 2026 results were solid on both sides of the Atlantic, with US technology doing particularly well on strong AI demand, and management guidance has been more supportive than markets had priced in. The main medium-term pressure point remains the scale of AI-related investments in the US. We do not view AI as a bubble given the strong cash-flow generation of the large players, but sustained capex and financing needs could gradually weigh on credit quality and spreads, raising rating-migration risk for some high-quality issuers over time.
In this context, technicals continue to be a major support factor. After the initial deterioration during the first phase of the Iran escalation, flows have stabilized and IG inflows remain in positive territory, suggesting investors are still comfortable allocating to the asset class. Primary markets appear healthy, as high issuance is met with strong demand, even for AI-driven issuance programs. Overall, technical support factors look stronger than a month ago, and we believe they are likely to continue to cushion spread volatility, especially if headline risks start to fade.
Spreads continue to feel very tight versus the broader global context. That said, all-in yields remain compelling to us in a historical context and relative to other asset classes, offering what we consider good value across the board.

Fund characteristics

Fund name	Vontobel Fund – Global Corporate Bond
ISIN	LU1395537134
Share class	I USD
Benchmark	ICE BofAML Global Corporate Index (USD hedged)
Inception date	9.5.2016

Historical performance (net returns, in %)

Time period	Fund	Benchmark
MTD	0.9%	0.8%
YTD	0.8%	1.1%
1 year	5.9%	5.6%
3 yrs p.a.	6.1%	5.9%
5 yrs p.a.	1.0%	1.3%
10 yrs p.a.	3.3%	3.1%
ITD p.a.	3.3%	3.1%

Time period	Fund	Benchmark
2025	7.4%	6.9%
2024	3.7%	4.0%
2023	8.8%	9.0%
2022	-15.0%	-14.0%
2021	-0.6%	-0.8%
2020	9.3%	8.2%
2019	13.6%	12.5%
2018	-1.7%	-0.9%
2017	7.6%	5.7%
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.

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