

Monthly commentary / 29.5.2026

Vontobel Fund – Global Active Bond

Marketing document for institutional investors in: AT, CH, DE, ES, FI, FR, GB, IT, LI, 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, 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 USD114.44 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.

That pushed sovereign yields to multi-year highs, with several records on May 19: the 30-year Treasury 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 portfolio continues to be highly barbelled, with a higher-than-average allocation to cash and short-dated risk instruments. We continue to believe that there further volatility is likely in the coming month and that dispersion may increase. As such, we have a tendency to reduce the aggregate level of risk in tightening markets and to add risk as markets sell off. Technicals within fixed income markets are strong, in our view, and we believe our micro-arbitrage positions (where we select securities that trade wide of the remainder of the issuer complex) are likely to continue to drive our turnover. Our primary risk allocations continue to be into European financials and the CDS Index given the steeper roll-down profile versus cash. But even within those broad universes, we tend to see a higher degree of dispersion in our portfolio allocations. This means that the aggregate level of risk at a sub-asset class level as well as at a fund level is best described as cautious.

Performance analysis

The Vontobel Fund – Global Active I was up 0.53% in May, outperforming its benchmark by 0.03%, driven by selection in credit.

Outlook

While all-in yields are still the dominating driver for fixed income technicals, one of our core convictions is that dispersion will go higher given the overall rather tight valuations and market complacency. The fund seeks to extract value from these appearing pockets of volatility while not attempting to "time" the drawdowns. Trading the ebbs and flows of the market both at an aggregate risk level and in terms of our sub-asset class allocations feels to us like the best return-for-risk approach for these markets.

Fund characteristics

Fund name	Vontobel Fund – Global Active Bond
ISIN	LU1112751067
Share class	I EUR
Benchmark	Bloomberg Global Aggregate Index (EUR Hedged)
Inception date	3.10.2014

Historical performance (net returns, in %)

Time period	Fund	Benchmark	Time period	Fund	Benchmark
MTD	0.5%	0.5%	2025	5.7%	2.7%
YTD	0.7%	0.0%	2024	6.6%	1.7%
1 year	4.9%	1.6%	2023	7.0%	4.7%
3 yrs p.a.	6.6%	2.4%	2022	-22.2%	-13.3%
5 yrs p.a.	-1.1%	-1.0%	2021	-1.2%	-2.2%
10 yrs p.a.	0.6%	0.1%	2020	4.0%	4.2%
ITD p.a.	1.2%	0.6%	2019	8.1%	5.1%
			2018	0.7%	-1.0%
			2017	0.5%	1.1%
			2016	1.5%	2.4%

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