Vontobel Fund – Global Equity

Marketing document for institutional investors in: AT, CH, DE, DK, 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.

Summary

— The performance of the Fund was negative in July 2026 and underperformed the MSCI ACWI ND.
— The Consumer Staples and Consumer Discretionary sectors were positive contributors to relative performance over the month. The Information Technology and Financials sectors were the largest detractors from relative performance.
— On a country basis, Korea, Republic of, (South Korea) and Netherlands contributed to relative performance, while the Germany and Taiwan detracted from relative performance.
— Relative to the benchmark, the Fund's largest sector overweights for the month were Industrials and Health Care while the largest sector underweight were Financials and Information Technology.
— The Fund's largest country overweights for the month were the Switzerland and Canada relative to the benchmark. The largest underweights were the Japan and China at the end of month.

Market developments

Global equities ended July essentially flat as geopolitical tensions and concerns around AI contributed to periods of market volatility. Conflict between the US and Iran re-erupted. Oil prices spiked and then pulled back on hopes of a de-escalation. Investors generally viewed the conflict as unlikely to result in a prolonged disruption to global energy supply. Central banks remained cautious. Both the Federal Reserve and the European Central Bank left interest rates unchanged, while signaling limited tolerance for any renewed inflationary pressures. Artificial intelligence (AI) remained a dominant market theme throughout July. However, investor attention shifted from the durability of AI-related demand to the potential returns on the substantial capital investments being made across the sector. Against this backdrop, US equities were flat. Corporate earnings broadly exceeded expectations and economic data continued to support a resilient growth narrative. Volatility in AI and technology stocks also weighed on emerging-market equities, which lagged stock markets of other major regions. Korean semiconductor and memory stocks came under pressure amid concerns about increasing Chinese competition. European equities outperformed the global benchmark, delivering positive performance for the month, with investors drawn to lower valuations and relatively low exposure to AI stocks.

Portfolio review

Purchases

Keyence Corp

Keyence's revenues and margins are expanding from the increase investment in industrial automation. Corporate governance is also improving. Keyence is a Japan-based company focused on factory automation. It is a global leader in sensors, vision systems, and measurement technologies that enhance manufacturing efficiency. The company is differentiated by its direct sales model, where sales professionals are trained engineers who provide hands-on, onsite technical support to customers.

United Rentals Inc

We are currently positive on the momentum of the business and see strong growth underpinned by a good economic backdrop. The combination of scale, breadth, service density, specialty growth, and ongoing outsourcing should allow United Rentals to continue widening its competitive moat over time.

Interactive Brokers Group Inc

Interactive Brokers is a global electronic broker: a single automated account through which clients trade equities, options, futures, bonds, FX and funds on most of the world's major exchanges, monetised through commissions on that activity and net interest earned on the client cash and margin balances the firm holds. Almost the whole operation is software rather than people, so the marginal cost of serving another account is close to zero, and that cost position funds commission and margin rates the full-service brokers cannot match without surrendering their own economics. The result is a client base and a pool of client equity that keep compounding against a cost base that barely moves, so the operating leverage widens with scale.

Sales

Sherwin-Williams Co/The

We exited Sherwin-Williams in favor of initiating a position in United Rentals (URI). Sherwin did not disappoint on a fundamental basis; however by swapping into United Rentals we were able to buy a business with similar drivers but with growth that is more than double Sherwin at a cost of five points less in the multiple. In this trade we increased the growth of our portfolio and reduced the valuation while taking similar cyclical risk.

AIA Group Ltd

The new taxation introduced in China decreases visibility on future earnings growth for AIA Group.

Boston Scientific Corp

BSX Q2 results came in ahead of lowered expectations, but the company provided a soft outlook for 2H26 into 2027 as the Watchman and Electrophysiology franchises continue to weigh on overall results. Watchman saw worsening standalone procedure trends while electrophysiology is seeing further share losses from new entrants. With a potential improvement in fundamentals getting further pushed out into 2027, we exited the stock.

Netflix Inc

Despite a 2Q beat, the usual conservative 3Q guidance and call did not dispel market worries over possible slowdown in revenues mid-term. Netflix will need another quarter of reassuring updates. We sold an already small position to better risk-return opportunities.

Performance analysis

TOP3 Contributors:

AMAZON.COM INC

Amazon reported stronger than expected revenue growth for AWS as AI revenues accelerated and backlog picked up to US$500b (around 3x annualised revenue). Amazon benefits from having the largest cloud infrastructure, as well as a strong application-specific integrated circuits (ASICs) offering with Trainium which will save clients 30% on inference costs.

CME GROUP INC

CME Group's strong Q2-2026 earnings and lessening concerns about risks of competition from perpetual futures contributed to its outperformance in July 2026. CME Group, the world's leading derivatives exchange group, facilitates trading across a full spectrum of derivative instruments from equity indices to agriculture and from energy to interest rates. As a vertically-integrated futures exchange and clearing house, CME is a near-monopoly in the trading and clearing of the instruments offered on its platform. As a result, CME enjoys EBITDA margins of more than 70%. The company is also very cash flow-generative, with free cash flow conversion of more than 90%. The management is shareholder-focused and has consistently returned excess free cash flow to shareholders through share buybacks and dividends. In addition, longer term, CME should benefit from the regulatory push towards clearing more derivative transactions through central clearing houses.

COCA COLA CO

Coca-Cola (KO) posted better-than-expected 2Q/1H results, with both volume and price/mix outperforming consensus forecasts. Management raised FY26 guidance and conference call commentary was reassuring. The company also announced a move to IPO its India bottler partnership, as it continues to exit from controlled bottling assets. The divestiture of Coca-Cola Beverages Africa to Coca-Cola HBC remains on schedule to close by the end of 4Q26.

TOP3 Detractors:

TAIWAN SEMICONDUCTOR

TSMC reported another strong beat and significantly raised its full-year 2026 revenue growth forecast to above 40% (up from the previous >30%). Moreover, the 2026 capex was hiked to $62 billion (vs $54bln before), signaling supply confidence and underlying demand. The tone from management was very bullish regarding the long-term AI outlook, characterizing it as the emergence of a "new industry". Specifically, management highlighted "Agentic AI" as a major new growth vector driving a resurgence in AI data center CPU demand alongside traditional AI accelerators. Because TSMC manufactures the vast majority of these chips regardless of architecture (x86, ARM), the broadening of the AI ecosystem directly benefits them. On Pricing, rather than enforcing big short-term price hikes, TSMC is again focusing on a partnership-oriented strategic pricing (their usual comment on adding value). GP margin of 67.7% beat the high end of its guidance thanks to cost improvements and higher utilization rates. but for the next quarter they guided down to 66% due to dilution from the steep ramp-up of the 2nm node and overseas fab expansions. Keep in mind that mid-60s is still very impressive for TSMC and it compares to the company's long term margin target at >56%! lastly, management dismissed the threat of competitors taking front-end market share, reiterating that there are "no shortcuts" in the foundry business.

KLA CORP

KLA reported record quarterly revenue with strong GP margin at 62% (upper end of guidance), and OP margin around 44%. KLA raised WFE semi equipment forecast for this year as well as CY2027: industry WFE is framed around ~$190 billion (25% growth YoY), with KLA expecting strong growth matching industry WFE growth. Overall, KLA's lead times average ~12 months, extending to 18–24 months for critical components. Its WFE growth guidance seems more conservative vs market expectations. WFE growth has been heavily weighted toward DRAM (where process control intensity is inherently lower than in advanced logic), KLA may slightly undergrow overall WFE this before it expects re-accelerating in CY2027. The other thing is on GP margins - higher memory procurement costs create a 100+ bps headwind, which management expects to persist through CY2026 and into 2027. KLA maintains a long-term incremental GP margin target of 60%-65%. But unlike ASML and Tokyo Electron KLA hasn’t explicitly confirmed on raising prices to absorb these costs.

INFINEON TECHNOLOGIES AG

Markets' concerns include potential share losses in key growth segments as competitors capitalize on supply constraints. After reporting its results, Texas Instruments (TXN) expected to gain share in the data center power delivery market beginning in the second half of 2026. Some analysts have previously flagged market share loss to Chinese competitors as a downside risk that could lead to results falling below expectations. Lastly, we have seen some weak trends in high-voltage IGBTs for electric vehicles (EVs), an area currently undergoing restructuring which has been negatively affecting margins.

Outlook

In our view, the recent decline in AI-related capital expenditure (capex) beneficiaries is primarily sentiment-driven rather than the result of meaningful deterioration in the underlying fundamentals of the AI ecosystem. We continue to believe that the memory and semiconductor equipment companies we own are well positioned to benefit as the AI semiconductor cycle still has substantial runway ahead. We also expect energy infrastructure to remain an attractive long-term investment theme. As expectations for inflation and the path of interest rates shift, we seek to own businesses with strong pricing power. Amid current elevated market volatility, we remain focused on generating long-term growth through a diversified set of drivers.

Fund characteristics

Fund name	Vontobel Fund – Global Equity
ISIN	LU0278093595
Share class	I USD
Benchmark	MSCI World Index to 31.12.2010, MSCI All Country World Index TR net thereafter
Inception date	19.6.2008

Historical performance (net returns, in %)

Time period	Fund	Benchmark
MTD	-3.2%	0.1%
YTD	-0.9%	11.3%
1 year	-2.2%	22.1%
3 yrs p.a.	6.4%	18.3%
5 yrs p.a.	2.7%	10.8%
10 yrs p.a.	8.7%	12.3%
ITD p.a.	7.8%	8.3%

Time period	Fund	Benchmark
2025	8.0%	22.3%
2024	10.6%	17.5%
2023	19.9%	22.2%
2022	-21.2%	-18.4%
2021	13.5%	18.5%
2020	19.3%	16.3%
2019	27.6%	26.6%
2018	-5.0%	-9.4%
2017	28.9%	24.0%
2016	4.5%	7.9%

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

- A company's stock price may be adversely affected by changes in the company, its industry or economic environment and prices can change quickly. Equities typically involve higher risks than bonds and money market instruments.
- 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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