Monthly commentary / 31.3.2026

Vontobel Fund – Global Environmental Change

Marketing document for institutional investors in: AT, CH, DE, DK, ES, FI, FR, GB, IE, IT, LI, LU, NL, NO, PT, SE, SG (Professional Investors only).

Market developments

In March, financial markets were marked by extreme volatility, fueled by the geopolitical escalation in the Middle East. Investors, previously optimistic in the light of technology firms planning extensive capital expenditure in artificial intelligence (AI), then caught by fears of disruption by AI, and now frightened by concerns of surging inflation and potentially tighter financial conditions – switched to much more defensive portfolio positioning. The blockage of the Strait of Hormuz disrupted global supplies of oil, oil products, and liquified natural gas, but also aluminum and fertilizers, a considerable portion of which stem from the Middle East. The severely damaged production and port infrastructure is likely to continue to hamper supply for some time to come, regardless of whether the bottleneck is navigable again.

Against this backdrop, the energy sector and aluminum as well as fertilizer stocks outperformed, whereas more cyclical and interest-rate-sensitive segments saw share price corrections. Countries like Japan, Korea or Germany were affected more heavily, because they rely much more on supplies from the Middle East than, for example, Latin American nations. In contrast, increased cost for fossil fuels and fear of supply constraints benefited providers of renewable energy solutions, including utilities and infrastructure companies. However, price gains remained contained amid overriding fears that geopolitical unrest could last longer, the economy could slide into recession, and capital cost could tighten.

Portfolio review

The number of positions remained at 60, while we reduced our exposure to shorter-cycle businesses, mostly within Efficient Industry and Clean Energy Infrastructure, to the benefit of other pillars. We also reduced our positions in Ørsted and Vestas, as still pending decisions on US tariffs weighed on their earnings prospects. Furthermore, we reduced our position in construction materials supplier Saint Gobain, since activity in new build and refurbishments is more likely to slow down under tighter financing conditions than pick up on the back of interest in upgrading the energy efficiency of buildings. In contrast, we added to forestry management and wood supplier Weyerhaeuser, whose loss-making pulp businesses may soon see a significantly improved environment, given the Trump administration is eager to revitalize the US housing market, which has been sluggish for years, as quickly as possible ahead of the mid-term elections by stimulating construction activity.

Performance analysis

In March, the fund marginally lagged global equities. Sector allocation was a major drag, due to the fund's inherent zero exposure to energy, the only sector in positive territory, posting a large gain, combined with our exposures to industrials and materials, both suffering from the shift in investor sentiment and tighter liquidity. However, the negative allocation effect was nearly offset by the positive effect of our stock selection within these two sectors. By name, the strongest contributors were wind equipment manufacturer Vestas, energy storage solution provider CATL, and leading battery separator Yunnan Energy, all three benefiting from the turmoil in fossil fuel markets, and Marvell, in which Nvidia invested USD 2 billion via private placement, as the two companies want to collaborate on developing silicon photonics to improve energy efficiency of datacenters by using light instead of copper wiring. The strongest detractors were Daifuku, Schneider Electric, Siemens, and Saint Gobain, all four suffering from higher energy costs and a deteriorating economic sentiment, which weighed on the growth prospects of their end markets.

Outlook

Amid heightened geopolitical risks and fears of energy supply disruptions, global equity markets are likely to stay highly volatile. Elevated oil and gas prices are likely to keep up inflationary pressure, forcing central banks to maintain liquidity tight and interest rates high, at least in the near term. Despite these headwinds, energy security concerns tend to accelerate the transition to renewable energy sources, benefiting companies that offer independence from imported fossil fuels. High energy costs also act as a catalyst, making investments in energy efficiency significantly more attractive, which in turn shortens payback periods of such projects. Companies are increasingly upgrading machinery, owners increasingly refurbishing buildings, and governments increasingly investing in transportation infrastructure to reduce energy-related operating costs. This trend toward higher efficiency and independent energy sources should lower volatility in operating costs over time. While the broader, interest-rate-sensitive equity market faces pressure, sectors tied to renewables and energy efficiency technologies offer a rather defensive investment opportunity with long-term growth potential.

Fund characteristics

Fund name	Vontobel Fund – Global Environmental Change
ISIN	LU0384405949
Share class	I EUR
Reference index	MSCI World Index TR net
Inception date	17.11.2008

Historical performance (net returns, in %)

Time period	Fund	Ref. index
MTD	-4.3%	-4.1%
YTD	6.4%	-1.7%
1 year	20.9%	11.5%
3 yrs p.a.	9.3%	14.5%
5 yrs p.a.	6.7%	10.7%
10 yrs p.a.	10.7%	11.7%
ITD p.a.	12.3%	12.3%

Time period	Fund	Ref. index
2025	5.6%	6.8%
2024	12.3%	26.6%
2023	13.9%	19.6%
2022	-19.1%	-12.8%
2021	27.1%	31.1%
2020	28.0%	6.3%
2019	36.7%	30.0%
2018	-15.0%	-4.1%
2017	12.5%	7.5%
2016	7.3%	10.7%

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

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