Q&A

1 year of Vontobel Fund (CH) – Sustainable Swiss Equity Income Plus (SSEIP)

1) After the launch of the SSEIP on March 14, 2024, when were its equity portfolio and covered call option strategy fully implemented?
We built the SSEIP's equity portfolio immediately after fund launch and have been managing it actively ever since. However, we built up the option strategy step by step with rising fund volume: Initially, we wrote options on only 35% of all the equities in the SSEIP portfolio. We then gradually increased this writing level to the target quota of around 70%. This was achieved by the end of May, and thus the portfolio strategy was fully implemented.

2) During the SSEIP's first year of existence, how did the equity portfolio contribute to fund performance?
From fund launch on March 14, 2024, until the end of 2024, our positions in Swiss Re, Baloise, and Belimo contributed the most in the SSEIP's equity portfolio[1]. We liquidated the latter two positions after their prices rose sharply in the fourth quarter of 2024 and took profits. We held on to Swiss Re, as the reinsurer finally resolved previous issues in its liability insurance segment through a substantial adjustment of provisions in the fourth quarter of 2024. Our temporary underweights in Straumann and Nestlé also made a clear positive contribution in 2024. In contrast, detractors were our positions in chocolate manufacturer Barry Callebaut, which was impacted by the sharp rise in cocoa prices, and in personnel service provider Adecco, which was affected by weakening labor markets in its most important countries. In January and February 2025, our positions in Roche and Richemont – two of the heavyweights in the Swiss Performance Index (SPI), the SSEIP's reference index – contributed the most, while our position in Barry Callebaut continued to detract. In the SSEIP's first year of existence, the equity portfolio outperformed the SPI thanks to our active stock selection, contributing 0.2% to fund performance before costs.

3) How much did the permanent covered call strategy, applied to 70% of the SSEIP's equity holdings, contribute to fund performance?
From fund launch on March 14, 2024, until the end of 2024, the Swiss stock market gained an only modest 0.6% in value. However, it had started with a strong upward phase, during which the covered call strategy detracted from fund performance. At the end of July, the tide turned. From that point until the end of 2024, the covered call strategy contributed 1% to fund performance before costs. Overall, from fund launch through the end of 2024, it contributed around 0.5% to performance before costs, with 0.4% stemming from the permanent covered call strategy and 0.1% from the dynamic option component (see answer to question 4). Since the start of the current year through the end of February 2025, the close of the fund's fiscal year, the option strategy resulted in opportunity costs for the SSEIP compared to the reference index, as the Swiss stock market once again rose faster than average.

4) How often was the dynamic option strategy applied in the SSEIP's first year of existence?
The SSEIP's dynamic option strategy aims to generate additional income from option premiums when equity returns are expected to be below average. This typically occurs during the contraction phase and the late expansion phase of the economic cycle. In its other phases, the dynamic option strategy is not applied for the purpose of full participation in the rising stock market. In the SSEIP's first year of existence, our proprietary economic cycle model, "Wave" – the basis for decision-making in the dynamic option strategy – provided a hedging signal only once, for a short period, from mid-August to early September 2024. Accordingly, we sold index options on August 16, 2024, which expired without value on September 20, 2024. As a result, the dynamic hedging strategy contributed around 0.1% to performance before costs.

5) What costs are associated with the option strategy using FLEX options?
In the SSEIP's first year of existence, the pure trading costs of the option strategy amounted to around 0.14% of total fund volume. They include all internal and external costs for the settlement, clearing, and trading of the options plus the Eurex fees incurred for exchange-traded derivatives. We follow an automated, hence particularly efficient trading process. We use so-called FLEX options, which allows us to determine all option attributes (such as strike price, term, etc.) ourselves. We then request prices from up to eight market makers. Since these operate independently and want to do business, competition between them intensifies, driving prices higher. For each individual option, we then select the market maker offering the highest implied volatility, and thus pays the best

[1] The portfolio also invests in equities of companies other than those mentioned. It should not be assumed that an investment in the equities of the mentioned companies was or will be profitable. The equities and their weights in the portfolio are subject to change at any time without notice. Only the current prospectus or a comparable document of the fund is legally binding.

price. Through this effective trading process, which we developed during the SSEIP's first year of existence, the price advantages achieved should clearly outweigh the costs.

6) Are the equity dividends and option premiums collected during the fund's fiscal year set aside for distribution?

No. Similar to the practice of traditional equity funds, which only distribute dividend income to investors, the SSEIP continuously reinvests both equity dividends and option premiums received to avoid high levels of idle liquidity. This applies to both the accumulating and distributing share classes. However, for the latter, we will sell equity holdings shortly before the distribution in June (see answer to question 8) to provide the necessary liquidity. While the SSEIP collects large part of dividends during the so-called dividend season from April to May, when most Swiss companies distribute, the writing of options as well as their expiry take place on a weekly basis. If an option expires "out of the money", i.e., when the stock price is below the strike price specified in the contract, the SSEIP earns net income from the option premium. If an option expires "in the money", i.e., when the stock price exceeds the strike price, the SSEIP books a money outflow equivalent to the price difference.

7) If dividend and option premium income is continuously reinvested, can falling stock prices reduce the annual distribution?

No, because only effectively received dividends and option premiums as well as realized stock price gains are distributable. Unrealized stock price movements only affect the fund value (NAV). Throughout the fund's fiscal year, the custodian defers the maximum distribution amount in the accounts on a daily basis. The amount accrued by the close of the fiscal year at the end of February is the distributable maximum. In its first year of existence, the SSEIP is expected to have achieved distributable gross income of around 7% as of February 28, 2025, subject to approval by the auditor (see answer to question 8).

8) When does the distribution to investors take place?

The distribution to fund investors takes place annually in June, for the first time in 2025. The exact date is determined in mid-May, following official approval by the auditor.

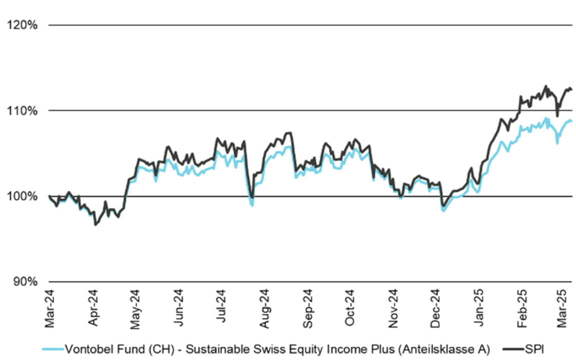
9) Can the distribution rate in June deviate from the targeted 6-8%?

Yes, it is possible that the distribution rate deviates from the targeted 6-8% on the so-called ex-date of distribution in June, because the fund value (NAV) as of the cut-off date at the end of February (see answer to question 7), which is used to calculate the distribution, may change thereafter depending on the development of the Swiss stock market. Since the latter is unpredictable, there is **no guarantee** that the SSEIP will always meet its ambition. In the long term, the fund aims for a consistent annual distribution of 6-8%, but it does not distribute any asset value. Instead, it taps into several sources of income. If stock prices rise, received equity dividends and realized stock price gains contribute the majority of distributable income. If stock prices stagnate or decline, the collected option premiums primarily contribute to the distributable income, in addition to received equity dividends. This diversification of income sources increases the likelihood that the SSEIP fulfills its distribution ambition.

10) Does the executed distribution impact the fund value?

Yes. On the ex-date of distribution in June, the fund value (NAV) decreases by the distribution, which is calculated as of the close of the fund's fiscal year at end-February (see answer to question 7). In other words, the distribution equals the difference between the NAV on the day before the distribution and the NAV on the ex-date. Therefore, fund investors see a correspondingly lower performance on their portfolio statement in June. At the same time, holders of the distributing share class receive on their account the amount owed to them for their fund units, with the portion from equity dividends reduced by the 35% withholding tax due for capital gains, while the portion from option premiums is tax-free.

Historical performance SSEIP vs. SPI (indexed to 100)



Net return in %	March 2025 to date	Since beginning of 2025 to date	Since inception* until end-2024	Since inception* to date	Since inception* to date annualized
Share class A**	0.54	8.64	-0.12	8.75	8.58
Reference index SPI	0.82	11.42	0.64	12.47	12.22

* March 14, 2024 ** ISIN: CH1303570100

Past performance is not a guide to current or future performance. Performance data does not take account of the entry/exit commissions and costs incurred. Performance of a fund can rise or fall, i.a. as a result of currency fluctuations. Source: Vontobel, Bloomberg; as of March 21, 2025.

Fund-specific 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 sb-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.

SSEIP product page: https://am.vontobel.com/en/view/CH1303570100/vontobel-fund-ch-sustainable-swiss-equity-income-plus