Monthly commentary / 31.12.2025

Vontobel Fund – Global Equity Income

Summary

- The performance of the Fund was positive in December 2025 and outperformed the MSCI ACWI ND.
- The Information Technology and Consumer Discretionary sectors were positive contributors to relative performance over the month. The Consumer Staples and Industrials sectors were the largest detractors from relative performance.
- On a country basis, Spain and Taiwan contributed to relative performance, while the Canada and France detracted from relative performance.
- Relative to the benchmark, the Fund's largest sector overweights for the month were Financials and Consumer Staples while the largest sector underweights were Information Technology and Communication Services.
- The Fund's largest country overweights were the Switzerland and France relative to the benchmark. The largest underweights were the Japan and China at the end of month.

Market developments

Global equities were moderately positive in December, although performance diverged as Europe and emerging markets outperformed, while US stocks traded largely sideways. Weakening labor data prompted the US Federal Reserve (Fed) to cut interest rates, helping sustain US equity performance. On the downside, ongoing concerns about valuations and investments in artificial intelligence (AI) continued to impact the US technology sector, weighing on the S&P 500 Index's engine for returns. While overall consumer confidence weakened, spending remained resilient, feeding debate about a K-shaped economy driven by the highest earners. European equities advanced as progress towards peace in Ukraine lifted overall sentiment, and leading defense stocks recovered some of their recent pullbacks. Investor rotation out of the US also helped Europe's more defensive plays, including bank stocks which had a strong earnings season. There was another boost as Germany launched a EUR 30 billion fund for investment into its energy transition, technology, and industrial modernization as part of the Merz government's plans to raise competitiveness. Elsewhere in international markets, Japan approved a record budget, which raised some concerns about funding for spending plans, although ultimately lifted confidence in the leadership of Prime Minister Sanae Takaichi. Emerging markets finished the year on a positive note thanks in part to tech stocks that benefitted from the global AI build-out. India's government announced a raft of measures to further liberalize the market as it looked to extend the economy's strong growth run. Meanwhile, China demonstrated its ability to weather the impact of US tariffs. Its trade surplus topped USD 1 trillion due to surging exports to the EU and Asian markets, which offset declining sales to the US, as well as continued economic weakness.

Portfolio review

Purchases

Magnum Ice Cream

Magnum Ice Cream Co. was added to the fund after Unilever spun out its ice cream business to its shareholders. Magnum is the leading ice cream manufacturer in the world with over 20% market share. It has great portfolio of brands including Magnum, Ben & Jerry's, and Breyers. While the business is seasonal, it tends to be resilient. The company has plans to grow and improve productivity now that it is a standalone entity.

Sales

N/A

Performance analysis

TOP3 Contributors:

Taiwan Semiconductor Manufacturing

After NVIDIA's CEO visit to seek Rubin capacity and TSMC's decision to add 3nm front-end wafer capacity, TSMC now plans to expand its advanced packaging-CoWoS capacity for 2026. Generally, the A.I.-related demand remains very strong and is even stronger than expected a few months ago. When large hyperscalers announce multi-GW data center build-outs, that indirectly signals a large increase in demand for the chips inside those data centers. Therefore, the foundry industry, particularly TSMC, is positioned to benefit if it can serve the demand. As for margins, despite some headwinds, margins are set up well for 2026, given price hikes for leading edge nodes, continued tightness for leading edge, less impact from N3 dilution due to yield improvement and migration to High Performance Computing-related customers and a smoother early ramp profile for N2.

Industria De Diseno Textil

Inditex was stronger given the solid pick up in same store

sales which gives the market more confidence they can hit mid-single digit same store sales growth with low to mid single digit space growth.
Roche Holding Ag-Genusschein
Roche's relative outperformance in December was mainly driven by a rally in the broader pharmaceutical sector.
TOP3 Detractors:
Medtronic Plc
There was no significant fundamental news for Medtronic (MDT) in December.
CME Group Inc
Shares of CME sold off in response to an outage at CME's data center. The investment thesis remains intact.
Brookfield Infrastructure Pa
Shares sold off due to sentiment, however there was no fundamental change to report.

Outlook
Given the uncertainty surrounding AI and its interwoven role in global equity markets and the broader economy, we believe it is essential to uncover opportunities that are largely independent of the AI evolution. We are seeking both strong growth that can rival AI-driven growth and moderate growth with strong defensive characteristics. We believe this dual strategy will allow our portfolios to generate attractive growth should the AI narrative continue, while simultaneously mitigating risk by avoiding overexposure to a narrow set of unknowable winners. We expect moderate-growth investments will provide downside protection in the event that the AI story unravels, which could trigger a sharp equity market correction, erode consumer confidence, and potentially push the global economy into recession.

Fund characteristics

Fund name	Vontobel Fund – Global Equity Income
ISIN	LU0278093322
Share class	I USD
Reference index	MSCI All Country World Index TR net
Inception date	13.7.2007

Historical performance (net returns, in %)

Time period	Fund	Ref. index
MTD	1.8%	1.0%
YTD	23.8%	22.3%
1 year	23.8%	22.3%
3 yrs p.a.	12.1%	20.7%
5 yrs p.a.	7.9%	11.2%
10 yrs p.a.	–	–
ITD p.a.	8.1%	12.1%

Time period	Fund	Ref. index
2024	2.3%	17.5%
2023	11.1%	22.2%
2022	-8.6%	-18.4%
2021	13.8%	18.5%
2020	5.3%	16.3%
2019	18.9%	26.6%
2018	-11.1%	-9.4%
2017	23.3%	24.0%
2016	–	–
2015	–	–

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.
Since fund inception until 31.12.2016, the fund had different characteristics and performance was achieved under circumstances that no longer apply.

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

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