Monthly commentary / 29.5.2026

Vontobel Fund – Commodity

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

Summary

- Oil prices suffer on positive sentiment around Memorandum of Understanding between US and Iran
- Gold lower on rising inflation concerns and hawkish Fed statements
- Industrial metals strong on supply concerns

Market developments

The Middle East continued to dominate markets in May. Hopes of a US–Iran deal pushed Brent crude (Bloomberg Brent subindex) down 13%. Reduced stagflation fears and strong earnings growth supported risk assets, with the S&P 500 rising 5.3% to a record high. Sovereign bond yields briefly hit multi-year highs mid-month but fell again by month-end as inflation concerns eased. Counterintuitively, gold could not benefit from lower inflation fears and fell slightly in May (-1.5%).

There was considerable back-and-forth in headlines surrounding a one-page Memorandum of Understanding (MoU) between the US and Iran, which reportedly included a 60-day ceasefire extension and the reopening of the Strait of Hormuz. This rollercoaster of news flow was clearly reflected in oil prices. Brent crude (July 2026 contract) peaked at nearly USD 115 per barrel during the first week of May. With reports that the US and Iran were close to reaching an agreement, prices subsequently fell toward USD 100 within a matter of days. Sentiment shifted again in the middle of the month when Trump posted that Iran's proposal was "TOTALLY UNACCEPTABLE!" This reignited concerns about renewed military escalation and pushed oil prices back up toward USD 112 per barrel. The final two weeks of May were dominated by increasingly positive headlines suggesting that a deal was imminent. As a result, the Brent July contract expired on the last day of the month at USD 92 per barrel. Many observers have tried to explain why oil prices remain relatively muted despite what is arguably one of the largest oil shocks in history. The most likely explanation is a combination of elevated inventories ahead of the conflict and a stronger-than-expected demand response (including a shift towards alternative energy sources such as coal in China, lower petrochemical production, and reduced automobile travel across parts of Asia). When combined with low market liquidity, driven by many investors remaining on the sidelines until headline volatility calms, these factors have created a solid setup for continued selling pressure. Oil products were suffering in May as well with gasoline, heating oil and gasoil between -10 and -12.7%.

Natural gas gained 8% in May after prices had fallen to relatively low levels. It appears that these lower price levels are incentivizing Haynesville producers to reduce production. At the same time, inventory levels around LNG export terminals are not increasing as strongly as they typically do at this point in the seasonal storage cycle. The combination of lower production and slower inventory builds has provided support for natural gas prices, helping them recover from their recent lows.

Precious metals faced headwinds during the period following a stronger than expected US core CPI reading mid-May, which reinforced concerns that inflation could remain elevated for longer. These fears were amplified by longer dated oil prices that stayed quite elevated while the front of the future curve showed greater losses. This suggested that investors were increasingly pricing in a prolonged period of elevated energy costs extending into year-end. Bond yields moved higher across major markets as investors adjusted their inflation and interest rate expectations. On May 19, the US 30-year Treasury yield closed at 5.18%, its highest level since 2007, while Germany's 10-year Bund yield reached 3.19%, the highest since 2011. The broader dynamic still reflects a tug-of-war between residual safe-haven demand for gold (-1.5%) and pressure from firmer real yields and a stronger dollar. Palladium (-11.4%) and platinum (-3.3%) suffered more as some of their massive price gains that they made up to February are being unwound.

Industrial metals posted a strong performance in May (+4.8%), led by copper (+6.8%) and aluminum (+6.1%). The price increase was driven by a combination of supply concerns and resilient demand expectations. Mine disruptions continue to support copper prices, while tariff fears have once again attracted metal inventories into the US and out of LME warehouses, tightening exchange stocks. At the same time, expectations for continued investment in electrification, power infrastructure, and AI-related data centers have helped maintain a bullish sentiment around industrial metals. Copper is now trading close to all-time highs and speculative positioning has reached record levels, making the market vulnerable to corrections. Investors should also watch developments at Cobre Panamá closely. The audit process has concluded, and negotiations between the Panamanian government and First Quantum will determine whether the mine can eventually resume operations. Aluminum remains well supported, with

around 9% of global supply affected by disruptions in the Middle East. Combined with improving risk sentiment and a solid demand outlook, this has helped keep prices elevated.
The grains sector lost some of the strong momentum it had built during the first few months of the year. Wheat and corn prices continued to trade largely as proxies for oil, reflecting the impact of higher input costs associated with elevated diesel and fertilizer prices. As oil prices corrected in May, Kansas wheat declined 6.3%, while corn fell 5.9%. Within the grains complex, soybean oil (+4.3%) and soybean meal (+3.4%) outperformed, supported by continued strong crush for soybean oil and stronger export demand for soybean meal as trade moved away from Argentina towards US soybean meal.
The soft commodities sector was generally weaker, with cotton and sugar also tracking developments in the oil market. Sugar prices faced additional pressure from the exceptionally strong start to Brazil's harvest season, which boosted supply expectations. Coffee prices also declined (-7%), while cocoa rallied 10% as prices rebounded from relatively low levels reached at the end of April.

Portfolio review
Over the course of May, we took profits on our discretionary long overwrites in oil and oil products which left us with carry spreads from the systematic strategies, which benefited from the front of the futures curve coming down. At the same time, we reduced our overweight in gold as we realized that precious metals would struggle in the short term due to higher yields. We implemented an overweight in industrial metals, particularly in Aluminum and a small overweight in copper.

Performance analysis
In May, Vontobel Fund – Commodity lost 4.24% while the BCOMTR benchmark lost 3.56% leading to an underperformance of -0.68%. A drag on relative performance was due to the bear spread in natural gas (-0.40%) coming out of the systematic strategies as the front of the curve rallied while winter contracts lost over the course of the month. The positioning in copper (-0.30%), cattle (-0.16%) and gold (-0.11%) added to the underperformance. On the positive side, oil and oil products (0.30%) and the overweight in aluminum (+0.16%) were positive contributors.

Outlook
Markets are increasingly pricing in a US-Iran MoU that could gradually reopen Hormuz and ease concerns over energy supply disruptions, reducing the geopolitical risk premium in oil prices. While this points to a softer outlook for crude in the near term, the agreement is likely to be only a first step rather than a lasting solution. Deep disagreements over sanctions relief and Iran's nuclear program remain unresolved, suggesting negotiations could stretch well beyond the initial 60-day framework. As a result, energy markets may benefit from improved supply expectations, but periodic setbacks and renewed tensions are likely to keep geopolitical volatility elevated in the months ahead. Interestingly, since a few weeks, every positive news around a potential deal or ongoing negotiation is immediately being sold in crude while news around a delay or back and forth is not really being bought. This also shows that a lot of investors are waiting for headline risk to dissipate and Trump moving on towards other topics. Then they might re-enter into long oil positions.
US import tariffs on copper remain a key risk factor. The Secretary of Commerce is expected to deliver a report on the copper market by the end of June to the US administration, with a policy decision likely in the second half of the year. Should tariffs be introduced from 2027 onwards, as previously indicated, this would be supportive for copper prices, as it would likely draw significant volumes of copper into the US, tightening supply in the rest of the world. Conversely, if tariffs are not implemented, copper prices could come under pressure, potentially incentivizing increased exports of US copper. Overall, this creates a highly binary risk profile.
We have maintained a constructive view on gold for some time and continue to favor it over the medium term, as the underlying drivers for central bank diversification into gold remain intact. In the near term, however, gold may struggle to gain traction amid persistent inflation concerns, elevated yields, increasingly hawkish rhetoric from FOMC members, a stronger US dollar, and the fact that several central banks (including Turkey, Russia, and potentially some Middle Eastern countries) are currently net sellers. That said, we believe that once the conflict in the Middle East reaches a (temporary) resolution, it could provide an attractive entry point for gold.

Fund characteristics

Fund name	Vontobel Fund – Commodity
ISIN	LU0415415800
Share class	I USD
Benchmark	Bloomberg Commodity Index TR
Inception date	7.1.2009

Historical performance (net returns, in %)

Time period	Fund	Benchmark
MTD	-4.2%	-3.6%
YTD	20.8%	25.0%
1 year	36.0%	40.5%
3 yrs p.a.	17.1%	16.6%
5 yrs p.a.	11.3%	11.7%
10 yrs p.a.	8.1%	7.2%
ITD p.a.	2.9%	2.2%

Time period	Fund	Benchmark
2025	19.6%	15.8%
2024	8.2%	5.4%
2023	-5.1%	-7.9%
2022	10.7%	16.1%
2021	35.1%	27.1%
2020	-0.5%	-3.1%
2019	9.2%	7.7%
2018	-15.0%	-11.2%
2017	2.2%	1.7%
2016	16.6%	11.8%

Past performance is not a reliable indicator of current or future performance.
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Investment risks

- Using derivatives creates significant leverage and entails valuation risks and operational risks. Leverage magnifies gains but also losses. Over-the-counter derivatives involve corresponding counterparty risks.
- The sub-fund's investments may be subject to sustainability risks. Information on how sustainability risks are managed in this sub-fund may be obtained from vontobel.com/sfdr.

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