

Monthly commentary / 30.4.2026

## Vontobel Fund – Euro Corporate Bond

**Marketing document for institutional investors in:** AT, CH, DE, ES, FI, FR, GB, IE, 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.**

### Market developments

April was another month that didn't follow a script, reversing much of March's tone along the way. The dominant market driver remained geopolitical developments in the Middle East, particularly tensions between Iran and the US. As the month progressed, sentiment swung repeatedly between hopes of de-escalation and renewed fears of escalation. April began with mounting concerns that US President Donald Trump's temporary pause in strikes would expire, accompanied by explicit threats surrounding the Strait of Hormuz. But sentiment improved on April 7, when Trump announced a two-week suspension of bombing operations and negotiations began in Islamabad. Risk assets rallied further as markets interpreted the move as a credible off-ramp. Optimism peaked mid-month after Trump stated that the Strait of Hormuz was fully open and that negotiations had resolved most key issues. Brent crude fell to its April low of below USD 90 per barrel, the S&P 500 Index reached a record high, and credit spreads tightened to their narrowest levels of the month.

However, the relief proved short-lived. The extension of the two-week ceasefire on April 21 failed to produce tangible progress, talks were reportedly cancelled later in the month, and headlines turned increasingly negative once again. By month-end, Brent had climbed back to USD 114 per barrel, while forward curves reflected growing fears of a more prolonged conflict, with six-month Brent futures closing at their highest conflict-related levels. This fed through into inflation swaps and contributed to higher government bond yields.

The Governing Council of the European Central Bank (ECB) showed patience in April, leaving rates unchanged (as was expected) and maintaining policy in what it continues to describe as "neutral" territory. With the geopolitical crisis in the Middle East ongoing, upside risks to inflation and downside risks to growth have both intensified. The ECB acknowledged growing caution around growth, including the tightening in financial conditions, which could partially substitute for additional rate hikes. While President Christine Lagarde offered several verbal hints towards a possible interest-rate hike in June and acknowledged that further hikes had been discussed, she also balanced these comments with more dovish arguments, leaving June far from a done deal. Following the

meeting, markets scaled back expectations for imminent tightening, although pricing for year-end still implied around 75 basis points (bps) of additional hikes.

The Bank of England also left rates unchanged at 3.75%, broadly as expected, and did not signal any urgency to tighten policy further. The decision was passed by an 8–1 vote, with Chief Economist Huw Pill dissenting in favor of a 25bps rate hike. Nevertheless, Governor Andrew Bailey stressed that the BoE was not attempting to send any "slightly clandestine message" that rates were about to move higher.

The US Federal Reserve's (Fed) rate decision was more eventful. While rates were left unchanged as expected, the meeting produced four dissents. That's the highest number for an FOMC decision since 1992. Governor Stephen Miran once again dissented in favor of a 25bps rate cut, while regional Fed Presidents Beth Hammack, Neel Kashkari and Lorie Logan dissented on hawkish grounds, objecting to the inclusion of an easing bias in the statement. Chair Jerome Powell reiterated that the current policy stance remained appropriate given the uncertainty stemming from the Middle East. Beyond the policy decision itself, markets also focused on the announcement that Powell would remain on the Board of Governors, meaning he would continue to retain a vote on monetary policy.

In fixed income and credit markets, April saw a sharp reversal of March's widening, with spreads tightening meaningfully across the board. At the index level, EUR IG option-adjusted spreads tightened by 15bps. Cyclical sectors outperformed, reversing much of the previous month's underperformance, with automotives tightening by 20bps and real estate by 25bps. More defensive sectors such as telecoms and utilities lagged somewhat, tightening by only 11–12bps. Subordinated segments also performed strongly, with corporate hybrids tightening by 13bps, subordinated financials by 18bps, and AT1s by as much as 59bps.

Primary market activity remained robust throughout April, with the hybrid market standing out as particularly active. Corporate hybrid issuance included transactions from Amprion, Abertis, Engie, Stora Enso, General Mills, and Var Energi, among others. Several hybrid deals priced through fair value, without new issue concessions, while senior-subordinated spread differentials compressed below 100bps in certain

cases. This highlighted the continued strength of yield-driven demand for the asset class. Although the heavy supply weighed modestly on secondary market trading levels, the impact remained limited, and spreads continued to benefit from the broader tightening trend across credit markets.

#### Portfolio review

In April, we fully removed the iTraxx SubFin hedges as cease-fire-related headlines supported risk sentiment and credit spreads rallied back to pre-Iran conflict levels. We also selectively added back AT1 exposure that had previously been reduced. In the primary market, we participated in several new issues, while maintaining strict pricing discipline, as many transactions came at extremely tight levels and in some cases even priced through fair value estimates. As a result, a number of these deals struggled to perform in the secondary market following issuance. At the same time, we further reduced the portfolio's cash balance, which ended the month below 2%.

We left the overall sector allocation unchanged and continue to favor more defensive, non-cyclical sectors such as telecoms, utilities and banks. In contrast, we remain more cautious on cyclical sectors, which we view as less attractive given the current tight spread environment.

#### Performance analysis

The Vontobel Fund – Euro Corporate Bond outperformed its benchmark in April. Security selection was the strongest contributor to performance, while allocation and curve positioning detracted modestly and by broadly similar amounts.

From a security selection perspective, performance was primarily driven by higher-beta exposures, particularly AT1 instruments and selected BB-rated names such as ZFF. From

an allocation standpoint, our overweight position in insurance contributed positively, while our underweight in consumer goods detracted from performance. In addition, the timing of the removal of our CDS hedges also weighed modestly on relative returns.

#### Outlook

The Middle East conflict appears to be gradually fading from the market's immediate focus, while broader risk sentiment has remained very strong so far. Earnings season in Europe has been mixed, but overall results have come in slightly better than feared, providing support for corporate credit spreads. Corporate outlook statements have generally adopted a more cautious tone, though not an outright negative one, and we expect to gain a clearer picture as the year progresses. At the macro level, softer PMI momentum and a weakening growth backdrop could eventually lead to EPS downgrades later in the year, although this is not a major concern for us at this stage.

Corporate fundamentals across our investment universe remain solid. Unless energy prices rise materially and remain elevated for a prolonged period, we do not expect a meaningful deterioration in credit quality that would justify significantly wider spreads.

We remain comfortable with the current portfolio positioning, having selectively added back some higher-beta exposure during April. At the same time, we remain ready to take profits on bonds that have tightened materially and continue to look for attractive opportunities in the primary market.

#### Fund characteristics

<b>Fund name</b>	Vontobel Fund – Euro Corporate Bond
<b>ISIN</b>	LU0278087860
<b>Share class</b>	I EUR
<b>Reference index</b>	ICE BofAML A-BBB Euro Corporate Index
<b>Inception date</b>	13.7.2007

#### Historical performance (net returns, in %)

Time period	Fund	Ref. index	Time period	Fund	Ref. index
MTD	0.9%	1.0%	2025	3.2%	3.1%
YTD	-0.4%	0.0%	2024	5.2%	4.8%
1 year	2.2%	2.0%	2023	8.5%	8.2%
3 yrs p.a.	4.7%	4.5%	2022	-15.2%	-14.0%
5 yrs p.a.	-0.1%	0.0%	2021	-0.6%	-0.9%
10 yrs p.a.	1.5%	1.2%	2020	3.9%	2.8%
ITD p.a.	3.1%	2.9%	2019	8.8%	6.6%
			2018	-2.9%	-1.3%
			2017	4.1%	2.6%
			2016	4.4%	4.8%

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

- Securities with a lower credit quality means a higher risk that an issuer may fail to meet its obligations. The investment value may fall if an issuer's credit rating is downgraded.
- 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](http://vontobel.com/sfdr).

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