Vontobel

Asset Management / Fund Factsheet / 29.02.2024

Vontobel Fund - Euro Corporate Bond B, EUR

Morningstar Rating as of 31.01.2024 ★★★

Marketing document for retail investors in: AT, CH, DE, ES, FI, IT, LI, LU, NO, SE

Investment objective

This bond fund aims to generate steady income and above-average investment returns over a full credit cycle, while promoting environmental or social characteristics and respecting risk diversification.

Key features

The fund invests across developed markets and their sectors mainly in corporate bonds in euros, with different maturities and seniorities, of issuers of good quality (investment grade) with various ratings, focusing on the mid-yield segment (ratings A+ to BBB-). The fund seeks to promote environmental or social characteristics.

Approach

The investment team follows a dedicated process, based on fundamental credit, relative-value, and technical analyses. Top-down assessment of the economy and sectors is followed by bottom-up company analysis, which also considers the 'S' of ESG (Environmental, Social, Governance) standards, specifically empowerment. By means of a filter the team selects paper whose credit spreads offer adequate compensation for the risks involved, while favoring issuers with strong or improving empowerment indicators. Striving to exploit more inefficiencies and diversify broadly, the team combines various issuers and securities in the fund.

Risk and reward profile

1	2	3	**4**	5	6	7

◄ Lower risk (typically lower reward)

Higher risk ► (typically higher reward)

Portfolio management	Mondher Bettaieb / Claudia Fontanive-Wyss
Fund domicile, legal structure, SFDR	Luxembourg, UCITS, Art. 8
Currency of the fund / shareclass	EUR / EUR
Launch date fund / shareclass	27.09.2002 / 27.09.2002
Fund size	EUR 1,676.60 mio
Net asset value (NAV) / share	EUR 170.19
Ref. index	ICE BofAML A-BBB Euro Corporate Index
ISIN / WKN / VALOR	LU0153585723 / 724774 / 1473228
Management fee	1.10%
Ongoing charges (incl. Mgmt. fee) as of 31.08.2023	1.35%
Maximum entry / switching / exit fee [1]	5.00% / 1.00% / 0.30%
Swing pricing	Yes
Distribution policy	reinvesting

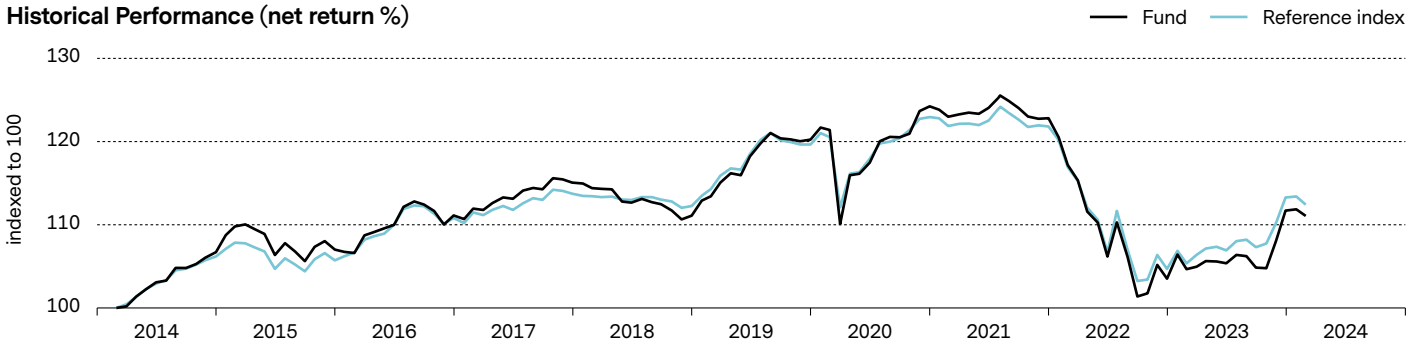
[1] Refer to fund distributor for actual applicable fees, if any.

Portfolio Characteristics	Fund	Ref. index
Volatility, annualized [2]	6.80%	6.34%
Information ratio [2]	negative	
Modified duration (years)	5.03	4.39
Average Rating [3]	BBB+	A-
Number of issuers	128	676
Yield to maturity	4.81%	4.00%
Yield to worst (YTW)	4.60%	3.92%
Average maturity (years)	5.48	4.87
Active share (country, issuer, ISIN)	28%, 66%, 90%	
Average coupon	3.50%	2.33%

[2] calculated over 3 years

[3] The fund may enter into credit derivatives, that may impact the risk and return profile of the fund. Such investments are not considered for this metric.

Historical Performance (net return %)



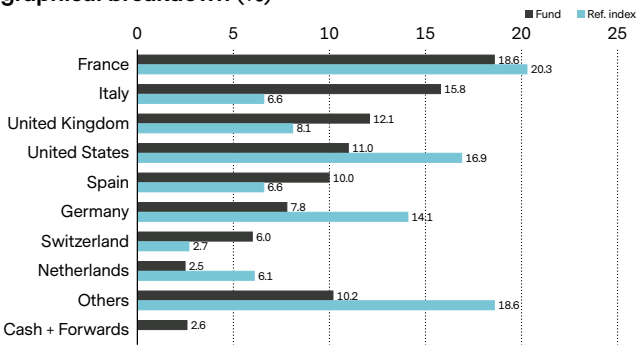
	1 m	year to date	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	3 yrs p.a.	5 yrs p.a.	since inception
Fund	-0.7	-0.6	7.9	-15.7	-1.2	3.3	8.2	-3.5	3.6	3.8	0.3	9.2	-3.3	-0.4	70.2
Ref. index	-0.9	-0.8	8.2	-14.1	-0.9	2.8	6.6	-1.3	2.6	4.8	-0.4	8.2	-2.7	-0.3	93.9

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, and reflects gross distributions reinvested. Performance of a fund can rise or fall, i.a. as a result of currency fluctuations. The investment policy was changed as at 05.07.2023.

Major issuers (%)

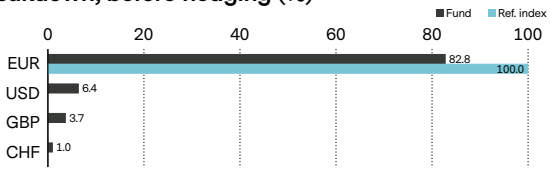
Heathrow Funding Ltd	2.4
UniCredit SpA	2.3
UBS Group AG	2.3
Intesa Sanpaolo SpA	2.1
CaixaBank SA	2.0
Mediobanca Banca di Credito Finanziario SpA	1.9
NatWest Group PLC	1.6
Lloyds Banking Group PLC	1.6
Spain Government Bond	1.6
Banque Federative du Credit Mutuel SA	1.6
Total	**19.4**

Geographical breakdown (%)

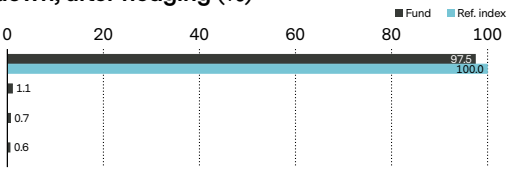


The fund may enter into interest rate and credit derivatives, that may impact the risk and return profile of the fund. Such investments are not shown in the chart.

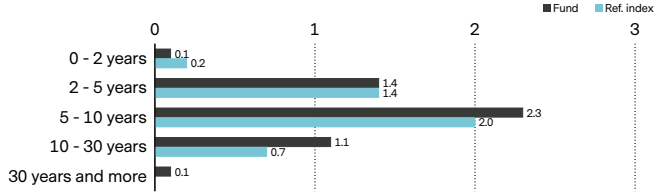
Currency breakdown, before hedging (%)



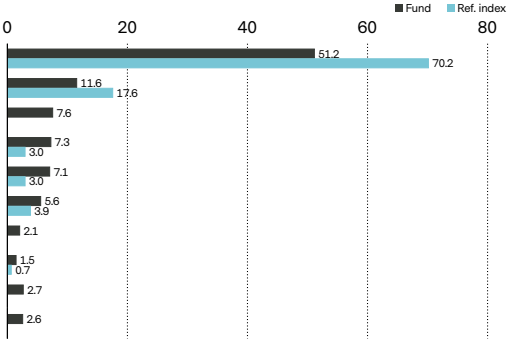
Currency breakdown, after hedging (%)



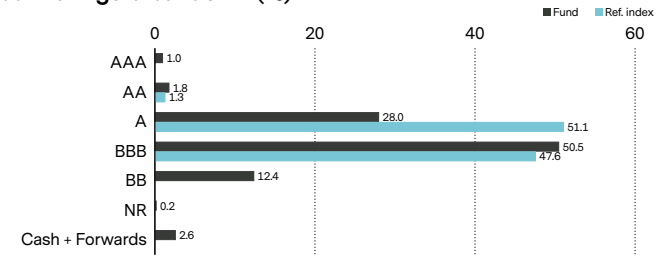
Contribution to modified duration (years), by maturity



Subordination breakdown (%)

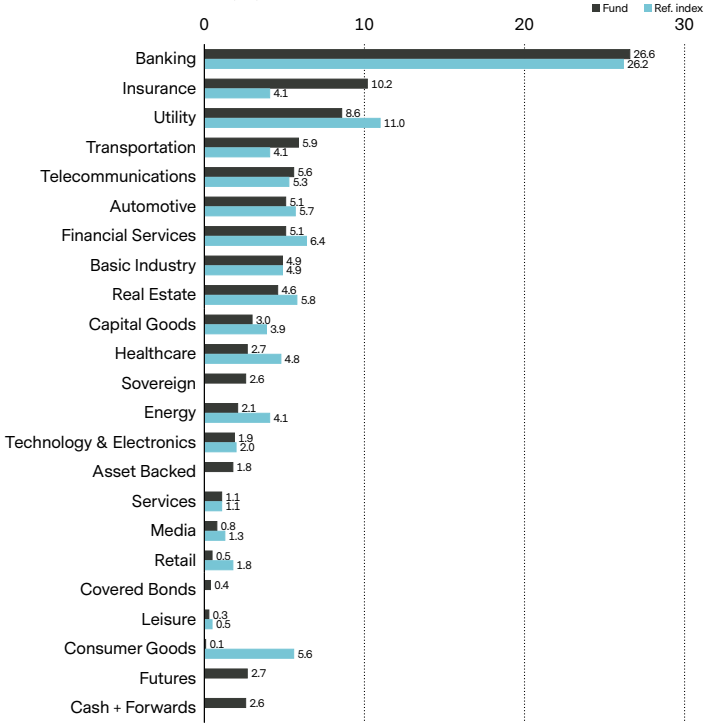


Credit ratings breakdown (%)



The fund may enter into credit derivatives, that may impact the risk and return profile of the fund. Such investments are not shown in the chart.

Sector breakdown (%)

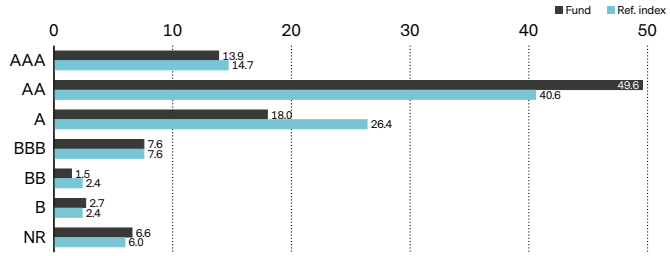


ESG profile [4]	Fund	Ref. index
ESG rating	AA	AA
ESG ratings coverage	88.7%	94.4%
ESG score	7.5	7.3
Environmental score	7.5	7.2
Social score	5.3	5.0
Governance score	6.0	5.8
CO_2 Intensity, wt. avg (t CO_2/$M Sales)	117.3	113.7

[4] Details on MSCI ESG methodology: vontobel.com/esg-valuation.
This fund does not have a designated reference ESG benchmark, but applies a conventional benchmark whose construction does not take into account ESG criteria.

ESG characteristics of the fund	
ESG integration	✓
Exclusion economic activities	✓
Active ownership	✓

ESG ratings breakdown (%) [4]



Exclusion of Economic Activities [5]

Adult entertainment
Norm based exclusions
Sovereign level exclusions
Coal
Gambling
Tobacco
Conventional weapons
Unconvent. / controv. weapons

[5] Thresholds may apply. Please see vontobel.com/sfdr and each fund's website for further details.

Risks

- Limited participation in the potential of single securities.
- Investments in foreign currencies are subject to currency fluctuations.
- 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.
- Interest rates may vary, bonds suffer price declines on rising interest rates.
- Mid-yield bonds may be more speculative investments than bonds with a higher rating due to higher credit risk, higher price fluctuations, a higher risk of loss of capital deployed.
- 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-Funds' investments in the medium to long term due to the mitigating nature of the Sub-Fund's ESG approach.
- The Sub-Funds' 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.

Glossary

Active Share (country, issuer, ISIN) measures the deviation of a portfolio (on country, issuer and ISIN basis) from its reference index, and is used to indicate how actively portfolios are managed. **Coupon** is a payment to holders of bonds on a pre-defined basis, normally with a specific periodicity and percentage. Average Coupon for a bond fund is calculated as capital-weighted average of the coupon rates of all bonds in a portfolio. **Derivative** is a financial security whose price is determined based on an underlying benchmark or asset such as stocks, bonds, commodities, currencies, interest rates, or market indexes. Examples are futures, options and credit default swaps. **Distribution policy** of a fund defines the dividend distribution for its share classes to investors. Accumulating share classes reinvest the income received from the fund holdings back into the fund and do not distribute to shareholders. Distributing shares typically make cash payments to shareholders on a periodic basis. **Duration**, or Macaulay Duration, indicates the number of years an investor would need to maintain a position in the bond until the present value of the bond's cash flows equals the amount paid for the bond. The longer the duration, the more a bond's price will be affected by changes in interest rates. Duration may also be used to compare the risk of debt securities with different maturities and yields. **Environmental, social and governance** (**ESG**) criteria are a set of metrics or ratings that are used to screen potential investments for issues that might affect the financial performance and/or have a material impact on environment and society. ESG metrics reported in this document are for informative purposes and may not be part of the fund's investment process. **ESG rating** is provided by MSCI and aims to measure a company's management of financially relevant ESG risks and opportunities. They use a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. The ESG rating of MSCI ranges from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC). **ESG score** is provided by MSCI and is a measurement of a company's level of sustainability. The calculation is based on many factors and is measured on a scale range, e.g. from 0 (very poor) to 10 (very good). **Forward**, or forward contract, is an agreement between two parties to buy or sell an asset at a specified price on a future date, and is often used for hedging purposes or commodities trading, where a forward contract can be customized to an amount, delivery date, and commodity type (e.g. food, metals, oil or natural gas). **Future**, or futures contract, is a legal agreement to buy or sell a particular commodity asset, currency or security at a predetermined price at a future point in time. They are standardized contracts in terms of quality and quantity which facilitates trading on a futures exchange. **Index** is a portfolio that holds a broad range of securities, based on pre-defined rules. Indexes such as the FTSE 100 or DAX 30 are used to represent the performance of particular markets and thus act as a reference point for performance measurement of other portfolios. An index used as reference for performance comparisons, is called a "reference index". **Information ratio** is a measurement of portfolio returns in excess of the reference index per unit of return volatility. It is used to measure a portfolio manager's ability to generate excess returns relative to a reference index. **ISIN** (International Securities Identification Number) is a unique code that identifies a specific financial security. It is assigned by a country's respective national numbering agency (NNA). **Management fee** is a fee which covers the costs charged to a fund relating to portfolio management services and, if applicable, to distribution services. **Maturity** indicates the length of time until the initial investment amount of a bond is due to be repaid. "Average maturity" is calculated on a bond portfolio by weighting each bond's residual maturity by its relative size. **Modified duration** is an adjusted version of Macaulay Duration and measures the percentage change in a bond price as a result of a change in yield. It is used to measure the sensitivity of a bonds cash flows to a change in interest rates and is more commonly used than Macaulay Duration. **Net Asset Value** (**NAV**) / **share**

also known as the share price of a fund, represents the value per share of the fund. It is calculated by dividing the fund's assets less its liabilities by the number of shares outstanding. For most funds it is calculated and reported daily. **Number of positions** shows the number of single investments/securities in the portfolio of the fund. **Ongoing charges** expresses the sum of the costs of running a fund on an ongoing basis, like the management fee and various legal and operating costs. It is calculated retroactively over a period of 12 months as a percentage of the fund assets. If the available data is insufficient, for example, for newly launched funds, ongoing charges may be estimated using data from funds with similar characteristics. **Option** is a derivative, financial instrument whose price derives from the value of underlying securities, like stocks. Call/put options give buyers the right (but not the obligation) to buy/sell an underlying asset at an agreed price and date. **Rating**, or credit rating, assesses a bond issuer's ability to repay on time all its debt (interest and principal). High ratings, like AAA or Aaa, indicate low risk (i.e., low probability of default), while ratings such as BBB- or Baa3 indicate a higher risk. **Share class** is a compartment of a fund with a distinct client type, distribution policy, fee structure, currency, minimum investment, or other characteristics. The characteristics of each share class are described in the fund prospectus. **SRRI** is a value based on a sub fund's volatility, providing a gauge of the overall risk and reward profile of the sub fund. **Subordination**, or bond subordination, expresses the priority for repayment of a bond in the event of default. A subordinated bond is more junior than other, more senior bonds with respect to claims on assets or earnings. **Swing pricing** is an industry standard mechanism to protect long term investors in a fund against trading costs occurring when investors enter or exit the fund. This is achieved by adjusting the NAV upwards or downwards respectively so that the additional trading costs caused by subscriptions or redemptions are borne by investors trading in the fund. Full details of the Swing Pricing mechanism are given in the fund prospectus. **VALOR** is an identification number issued by SIX Financial Information and assigned to financial instruments in Switzerland. **Volatility** measures the fluctuation of a fund's performance over a certain period. It is most commonly expressed using the annualized standard deviation. The higher the volatility, the riskier a fund tends to be. **Weighted Average Carbon Intensity** (**WACI**) reports the carbon emissions of companies held in a portfolio relative to the revenues they generate, excluding emissions from supply chains and products / services. **WKN** (or Wertpapierkennummer) is an identification code of securities registered in Germany, issued by its Institute for Issuance and Administration of Securities. **Yield to maturity** (YTM) measures the return of the fund if all the bonds in the portfolio of the fund were held to maturity. The ratio is expressed as an annual return in percent. **Yield to worst** (**YTW**) represents the lowest potential annual return of a bond that does not default, for instance, if a bond may be called by the issuer prior to maturity.

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