

# TwentyFour Income Fund

This Commentary is a marketing communication for professional UK investors only

## Fund Commentary | 31 December 2025

### Market Commentary

- **Summary:** European securitised products performed well in the last month of 2025. As expected, primary issuance was down month on month, with €4bn of new issuance in the asset-backed security (ABS) market complimented by €6bn of collateralised loan obligation (CLO) refinancing, which brought 2025 issuance to €223bn – a post-Global Financial Crisis record. Although secondary supply was seasonably lower, selling continued into the end of the year, particularly in the senior part of the curve. Demand from bank trading desks was strong in the final weeks of the year, with inventory having been reduced given lower primary supply. The tightening bias continued, with AAA CLOs 3-5 basis points (bp) tighter month on month.
- **ABS:** ABS issuance volumes were seasonably softer in December, although several transactions successfully came to market. Early in the month, Enpal priced its second transaction backed by a portfolio of heat pump and solar loans. The deal was well subscribed across the capital structure, with the senior tranche pricing at 0.94% over Euribor and a notably flat mezzanine curve. Commercial mortgage-backed security (CMBS) issuance remained robust throughout 2025, and this extended into December, highlighted by a £440m Blackstone-sponsored logistics transaction, with the AAA notes pricing at SONIA +1.28%. Issuance activity is expected to reaccelerate at the start of 2026, with a broad and diversified pipeline.
- **CLO:** The CLO market remained active through December, with global supply continuing at pace. In Europe, €8.5bn of new issuance was recorded during the month, including €5.5bn of refinancing and reset activity. Total European CLO issuance for 2025 reached €126bn, including €66bn of refinancing and resets, surpassing the previous record set in 2021. US CLO markets absorbed \$24bn of supply, of which \$12bn related to refinancing and resets. Persistent demand into year-end supported further spread tightening in Europe, with secondary spreads compressing by 5-10bp across the curve. Primary AAA spreads remained firm at approximately 130bp, where there was scope for further tightening, particularly considering anticipated regulatory developments. The European leveraged loan index was unchanged over the month.

### Portfolio Commentary

- December was a quiet month for the Fund. The team focused on the secondary CLO market, where BB and B bonds were added at spreads of 5.8% and 9.2% over Euribor, respectively. The Fund's gearing remained unchanged. The Fund remains in a flexible position and the portfolio managers (PMs) expect a strong pipeline to build in the first months of 2026.

### Market Outlook and Strategy

Despite heightened geopolitical and policy uncertainty, 2025 proved to be a strong year for European securitised products. Robust running income, alongside a broadly resilient consumer backdrop, supported performance throughout the year. The PMs remain constructive on UK and European consumers and large corporates. However, caution persists towards smaller or newer lenders and exposures to lower-income borrowers, where collateral performance may come under pressure as economic data softens and fiscal constraints intensify. The PMs expect a busy start to 2026, as lenders increasingly utilise securitisation for both funding and capital management purposes. Within investment grade, the most attractive value continues to be seen in AAA and BBB CLO tranches. In high yield, selective opportunities remain in BB CLOs, although credit curves have compressed, particularly in consumer ABS. With supportive demand technicals expected to persist, especially within ABS, the outlook for securitised products remains favourable.

Cumulative Performance	1m	3m	6m	1y	Annualised				Since Inception¹
					3y	5y	10y		
NAV per share inc. dividends	0.85%	1.75%	4.65%	10.07%	15.72%	8.78%	7.47%	8.13%	

Discrete Performance	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
NAV per share inc. dividends	10.07%	16.92%	20.40%	-8.84%	7.85%	5.97%	5.04%	2.39%	13.51%	4.28%	-0.12%

**Past performance is not a reliable indicator of future performance.** The performance figures shown are in GBP on a mid-to-mid basis inclusive of net reinvested income and net of all fund expenses. Performance data does not take into account any commissions and costs charged when shares of the fund are issued and redeemed. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. \*Inception date: 06/03/2013.

## Key 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
- The structure of ABS/MBS and the pools backing them might not be transparent which exposes the fund to additional credit and prepayment risks (extension or contraction risks) depending on which tranche of ABS/MBS is purchased by the Fund
- The Fund has the ability to use derivatives, including but not limited to FX forwards, for hedging and EPM purposes only. This may magnify gains or losses
- Typically, sub-investment grade securities will have a higher risk of default, and are generally considered to be more illiquid than investment grade securities
- The Fund's investments may be subject to sustainability risks. The sustainability risks that the fund may be subject to are likely to have an immaterial impact on the value of the Fund's investments in the medium to long term due to the mitigating nature of the Fund's ESG approach
- The 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 fund may be obtained from [twentyfouram.com/responsible-investment](https://twentyfouram.com/responsible-investment)

## Further Information



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## Important information

Further information on fund charges, costs and other important information pertaining to the fund can be found in English and free of charge on the fund pages of our website and/or in the Prospectus and the Key Information Document (KID) which are available at [www.twentyfouram.com/view/GG00B90J5Z95/twentyfour-income-fund](https://www.twentyfouram.com/view/GG00B90J5Z95/twentyfour-income-fund)

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