

TwentyFour Income Fund

This Commentary is a marketing communication for professional UK investors only

Fund Commentary | 30 January 2026

Market Commentary

- **Summary:** Global markets performed well during January, including European securitised products. The primary market opened with strength, particularly in the collateralised loan obligation (CLO) market. There was €7.9bn of issuance in the asset-backed security (ABS) market, which was complimented by €4.9bn of CLO refinancing. Secondary supply picked up significantly, driven by a combination of primary rotation and outright demand for the product. A number of hedge funds also sold short-dated high yield bonds into a rallying market. The mezzanine ABS curve tightened by 10-25 basis points (bp) during January, with high-quality BB bonds trading at a spread of SONIA +mid-200 versus CLOs where spreads also tightened, with BBs around 75bp tighter since the start of this year.
- **ABS:** ABS issuance began slowly in January, although the month finished with a respectable €8bn of new issuance. Supply was focused on the UK residential mortgage-backed security (RMBS) market, where a range of issuers were active. Santander began the month by placing a dual-tranche benchmark prime RMBS transaction. Coverage of 1.5 times supported spreads to land at 0.54% and 0.6% over SONIA for the shorter and longer weighted average life (WAL) tranche, with Santander leaving a few basis points on the table. Later in the month we saw a full capital structure transaction, backed by a mixed collateral pool from Lendivest and MTF finance. AAAs landed at SONIA + 0.77%, with two times subscription at initial guidance. The tightening in basis between UK prime and buy-to-let pools reflected the wider technical that has been present in ABS markets for the past two years. Although January was dominated by RMBS issuance, a growing and mixed pipeline is expected into February.
- **CLOs:** The European securitised market was dominated by CLOs during January, where managers ramped up an impressive pipeline in the first weeks of the year. In Europe, €6.2bn was placed, including €5bn of refinancing and reset activity. US CLO markets absorbed \$27bn of supply, of which \$19bn related to refinancing and resets. During the month, there was a significant tightening across the capital structure, following strong demand from international accounts. Euro BB CLOs enjoyed 100bp of tightening, following some widening in December, with the latest prints of Euribor

+450bp for tier one managers. The US market also had a strong start and tightened around 25bp, which left little value difference between them. Although slower to rally, AAA CLOs marketed almost 10bp inside of December levels. The tightening of liabilities, along with a degree of softness in the loan market, should aid the economics for managers in the market. The European loan market dropped by 0.8 points during January, which was concentrated in sectors such as technology, as participants reacted to software concerns. The pipeline is expected to remain active, and with resilient demand, particularly for stronger quality transactions, it is difficult to see an immediate reversal in recent tightening.

Portfolio Commentary

January was an active month for the Fund, as the portfolio managers added to European CLOs in both the primary and secondary markets at yields ranging from Euribor +4.8% for BBs and around 14% for CLO equity, to replace amortisations and invest new capital from share issuance. Following the update to the Investment Policy approved in Q4 2025, the Fund made its first investment in BB rated US dollar CLOs at a yield of SOFR +6.5%. Additionally, the team rotated UK prime RMBS, invested in a BB rated Italian RMBS bond and added to an existing private Dutch mezzanine investment at a yield of Euribor +8.75%. During the month, the portfolio managers further reduced gearing, while the Fund remains in a flexible position.

Market Outlook and Strategy

Market sentiment was broadly positive in January, especially in the CLO market. Robust issuance was met by significant demand, where strong subscription levels returned to present a tightening bias across floating rate products. The portfolio managers expect a diverse pipeline in February and have already been sounded on various ABS deals and CLOs. They expect further tightening, especially in euro AAA ABS as supply has been low and demand high. The significance of demand for mezzanine bonds has continued to compress credit curves, such that the portfolio managers see particular value in AAAs here, in both the CLO and ABS markets. With supportive demand technicals expected to persist, the outlook for securitised products remains favourable, although the team remain cautious around potential volatility from ongoing geopolitical tensions.

Cumulative Performance	1m	3m	6m	1y	Annualised			
					3y	5y	10y	Since Inception*
NAV per share inc. dividends	0.91%	2.64%	4.60%	9.65%	15.01%	8.70%	7.71%	8.15%

Discrete Performance	YTD	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NAV per share inc. dividends	0.91%	10.07%	16.92%	20.40%	-8.84%	7.85%	5.97%	5.04%	2.39%	13.51%	4.28%

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

Further Information



TwentyFour AM
 TwentyFour Sales
 Tel. 020 7015 8900
sales@twentyfouram.com



Deutsche Numis
 Sam Murphy
 Tel. 0207 260 1232
s.murphy@numis.com

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

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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. The Fund is not managed in reference to any benchmark index.

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