

TwentyFour Income Fund

This Commentary is a marketing communication for professional UK investors only

Fund Commentary | 31 March 2026

Market Commentary

- **Summary:** Markets were dominated by the war in the Middle East during March, which suppressed returns for risk assets over the month. Moves within the securitised market were most prominent in the collateralised loan obligation (CLO) segment, given its higher beta. Issuance remained healthy, with a greater focus on asset-backed securities (ABS), which reflected the tightening arbitrage in CLO issuance. There was €16bn of new ABS issuance, complemented by €2bn of CLO refinancing and resets, although there was a notable slowdown in the last two weeks of the month. Secondary ABS activity picked up, although it was concentrated in AAA bonds, where senior spreads moved by 3-5 basis points (bp). CLO secondary activity was also focused on AAAs. However, supply was limited in Europe, particularly in mezzanine tranches, which led to a mismatch between buyers and sellers. In the US, CLOs continued to experience a higher degree of two-way trading, especially in AAAs.
- **ABS:** ABS markets saw a healthy level of issuance in March, given the backdrop. The €16bn of issuance was diverse across asset classes and geographies. There was an uptick in UK specialist residential mortgage-backed security (RMBS) activity, where value was most attractive in AAA and BBB bonds at 0.9% and 1.8% over SONIA, respectively. This was around 15bp and 25bp wider, respectively, than issuance earlier in the year. Repricing was more limited in the consumer space, where oversubscription remained in the high single digits. For example, BBB bonds in Santander's latest Italian consumer deal priced at Euribor +1.6% in March, unchanged from a similar transaction in February. It was six times oversubscribed, which was evidence of support for the level. Issuance is expected to pick up after the Easter holiday break, with supportive demand technicals likely to persist.
- **CLOs:** Activity in the CLO market was subdued during March, particularly in Europe. The sell-off in the loan market, combined with liability repricing, led to a decline in issuance. During the month, €5bn of new issuance and €2bn of resets and refinancing were recorded. The US market was relatively more active, with \$14bn of new issuance and \$11bn of refinancing and resets. Sector focus remained on artificial intelligence disruption within the loan market. The war in the Middle East also renewed concerns around cyclical sectors, given inflation shocks and weaker growth. In short, dispersion in the European loan market has persisted and is likely to continue, negatively impacting CLO valuations. Despite this, CLO spreads remained relatively resilient following the

significant widening in February. AAA CLOs traded at around 1.3% over Euribor for longer-dated deals, while BBs were at spreads of 6.0-6.5%, with a wide range depending on the quality of the deal. Given ongoing geopolitical uncertainty, volatility is expected to continue into April, which should create attractive entry points. The European loan index fell by 0.7 points in March.

Portfolio Commentary

March was an active month. The portfolio managers (PMs) were active in the secondary CLO market, where volatility created attractive opportunities. In Europe, the team reduced AAA CLO holdings, where spreads remained relatively firm at 1.3% over Euribor, and selectively added single-B positions at Euribor +10%. The PMs also increased significant risk transfer (SRT) exposure, including a global corporate position at SOFR +7%, which was a repeat deal from a large German bank. In the second half of the month, the team hedged part of the CLO market risk with an outright crossover position to reduce net asset value (NAV) volatility. Gearing remained unchanged, and the Fund continues to maintain flexibility.

Market Outlook and Strategy

In March, European securitised products were supported by strong income. CLO markets carried over February's loan market weakness, which weighed on asset pricing, although healthy demand meant spreads were well supported. The ABS technical has persisted, where credit curves remain flat, particularly in the European auto and consumer segments.

The war in the Middle East has swiftly changed rate and global growth expectations for at least the medium term. The low-rate volatility of securitised products supported the sector during March, and ABS and CLO bondholders will benefit from rate hikes given the floating coupon. The changing macroeconomic environment will resurface performance concerns for consumers, especially where labour markets are on a weakening trajectory and if inflation accelerates. Although securitised asset pools are not expected to deteriorate significantly, the PMs will continue to prioritise established issuers with a proven track record. While a restart of the primary market is expected, the CLO market is likely to be slower to restart as the higher cost of funding makes the creation of new CLOs challenging.

Liquidity positions have been increased across the funds. Given the expectation of persistent volatility, the PMs retain the flexibility to deploy cash once they see more certainty around a timeline for a resolution in the Middle East.

Cumulative Performance	1m	3m	6m	1y	Annualised			
					3y	5y	10y	Since Inception*
NAV per share inc. dividends	-0.86%	-0.84%	0.89%	6.85%	13.21%	8.10%	7.86%	7.90%

Discrete Performance	YTD	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NAV per share inc. dividends	-0.84%	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



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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

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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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