

TwentyFour Income Fund

This Commentary is a marketing communication for professional UK investors only

Fund Commentary | 30 April 2026

Market Commentary

- **Summary:** Despite the continuing conflict in the Middle East and elevated oil prices, April proved to be a strong month for risk assets. We observed a degree of spread compression across European securitised products, more pronounced in higher beta segments. Issuance remained healthy, with improving arbitrage in the collateralised loan obligation (CLO) market supporting new issue supply. We saw €13.9bn of new ABS issuance, complemented by €2.6bn of CLO refinancing and reset activity. Secondary activity declined across both asset-backed securities (ABS) and CLO markets, as expected following broader volatility in March. In ABS, execution remained strong across products, with AAA UK Prime tightening by 5 basis points (bp). Lower beta CLO profiles continued to perform well, with support for investment-grade mezzanine tranches from international accounts, though a meaningful spread differential remains relative to higher beta transactions. A familiar soft spot reemerged, with three commercial mortgage-backed securities (CMBS) deals reporting troubles. The first was a failed repayment of the loan at maturity, the second a declined extension proposal on a green French office deal, and finally, a troubled Finnish transaction has continued selling properties at a loss.
- **ABS:** ABS markets recorded a healthy level of issuance in April, despite supply at times falling short of expectations. The €13.9bn of issuance was concentrated in UK residential mortgage-backed securities (RMBS), complemented by solid issuance in the auto segment. Demand for UK assets remained strong, as reflected in the AAA print from Lendco at SONIA + 82bp, representing a significant tightening from initial guidance in the high 80bp. We continue to see robust demand across the mezzanine curve, evidenced by 5–10x oversubscription for the Stellantis UK Auto transaction, with final BBB spreads at 145bp. We expect a healthy issuance pipeline to continue, supported by strong demand technicals.
- **CLOs:** Although issuance remains below the run rate seen at the start of the year, supportive demand technicals and a recovery in the loan market encouraged activity throughout April. Over the month, €3.4bn of new issuance and €2.6bn of resets and refinancings were recorded. The U.S. market was muted and volume dropped compared to previous month with \$4.7bn of new issuance and \$2.7bn of refinancing and reset activity. We observed particularly strong demand for investment-grade mezzanine tranches in Europe from international accounts, with AA tranches tightening by approximately 15bp over the month. Spreads in the BB

primary market have tightened by around 50bp, with new issue levels now at approximately Euribor + 5.25%. Despite this tightening bias, the war in the Middle East has renewed concerns around cyclical sectors, given the risk of inflation shocks and weaker growth. As such, a return to the spread levels seen at the start of the year appears unlikely in the near term. The European loan index recovered significantly to 95.75 points, up 1.25 points from the end of March. This has supported MVOC test levels relevant for CLO deals. However, dispersion remains across the credit market, and a focus on prudent management will be critical for CLO performance, particularly for transactions beyond their reinvestment periods.

Portfolio Commentary

April was an active month for the Fund. The portfolio managers have continued to add BB positions in the CLO market at Euribor +6%, in addition to growing the CLO equity holdings, which includes several warehouse trades. In the ABS market, the team have added to BBB UK RMBS, where performance of secured collateral has been strong, at SONIA + 2%. During the month, the team exited the XOVER hedge, where despite acknowledged volatility, they felt escalation risks had reduced meaningfully. Gearing remained unchanged, and the Fund continues to maintain flexibility.

Market Outlook and Strategy

In April, European securitised products were supported by strong income and a tightening bias across most of the market. The demand technical has persisted, where credit curves remain flat, particularly in the European auto and consumer segments.

The ongoing war in the Middle East has anchored expectations of higher inflation and rates from here, with a drag on global growth also expected. While low rate volatility and higher carry will support the ABS and CLO bondholders, the changing macroeconomic environment will resurface performance concerns for consumers. Although we do not expect a significant deterioration for securitised asset pools, we will continue to prioritise established issuers with a proven track record. The UK local elections on May 7 will likely create further rate volatility, although we see little immediate impact to the securitised market.

We have reduced cash positions in the funds, given the lower probability weighting to a significant military escalation from the US, although assets remain highly liquid across funds, given the expectation of persistent volatility. We expect a busy month in primary, in both the ABS and CLO markets.

Cumulative Performance	1m	3m	6m	1y	Annualised			
					3y	5y	10y	Since Inception*
NAV per share inc. dividends	0.57%	-1.18%	1.42%	8.39%	12.64%	8.04%	7.76%	7.90%

Discrete Performance	YTD	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NAV per share inc. dividends	-0.28%	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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