TwentyFour
a boutique of Vontobel

# TwentyFour Income Fund

This Commentary is a marketing communication for professional UK investors only

## Fund Commentary | 31 July 2026

### Market Commentary

- **Summary:** European securitised products performed well in July. Asset-backed securities (ABS) markets saw a final wave of supply ahead of the summer recess, while collateralised loan obligation (CLO) volumes remained well supported by the reset market. Supply was elevated, with €19bn of new ABS issuance bringing the year-to-date total to approximately €111bn. This was complemented by €9.3bn of CLO resets and refinancings. Bids wanted in competition (BWIC) volumes were healthy as accounts sought to rotate into primary opportunities. CLO trading activity was supported by significant high yield BWIC volumes, with spreads generally remaining firm despite increasing dispersion among higher beta profiles. ABS secondary volumes were also elevated as investors rotated into primary transactions. Senior ABS spreads exhibited a modest widening bias in response to supply, with UK Prime residential mortgage-backed securities (RMBS) widening by 2-3 basis points (bp). Mezzanine supply remains anchored, with B-rated consumer bonds trading with spreads of Euribor+380-420bp.
- **ABS:** During July, the market saw €13bn of supply, diversified across both asset classes and jurisdictions. We continue to see value in senior tranches, particularly within UK AAA RMBS. Together returned to the market for its second first-lien mortgage transaction of the year, placing AAA bonds at sterling overnight index average (SONIA) +0.9%. The strength of mezzanine demand was again evident, with the AA tranche pricing just 15bp wider at SONIA+1.05%. Issuance from non-core segments also continued, with PayPal placing a debut consumer ABS transaction that attracted subscriptions of 2-7x across the capital structure. We expect limited primary supply over the summer, which should provide support for senior spreads, although the visible pipeline remains healthy heading into September.
- **CLOs:** During July, the reset and refinancing market supported global CLO issuance volumes as 2024-vintage transactions continued to exit their non-call periods. Issuance across new issues, resets and refinancings reached €15bn during the month. Of this, €5.8bn came from new issue supply; however, given current loan market dynamics, reset volumes continue to dominate. The US market was more active on the refinancing side, recording$31bn of resets and refinancings alongside $11bn of new issuance. We continue to see elevated tiering across both jurisdictions, which is welcome given the growing dispersion in collateral performance. July distributions for CLO equity were weaker, reflecting ongoing compression in loan spreads. Given the current arbitrage environment and the CLO market's significant share of demand for European loans, asset spread levels should see resistance from here.

### Portfolio Commentary

July was an active month for the Fund. In the CLO market, the portfolio managers (PMs) continued to add US BB CLO positions in both the primary and secondary markets, at Euribor+5-6% over Euribor/SOFR. The PMs also added positions in AAA CLOs at Euribor+1.25%, increasing the Fund's liquidity position as they expect a busy period of significant risk transfer (SRT) issuance in the next months. Gearing remained unchanged, and the Fund continues to maintain flexibility.

### Market Outlook and Strategy

European securitised markets remained resilient in July despite volatile geopolitical headlines and reflationary pressures. CLO issuance should continue through the summer, while the PMs expect the usual respite in ABS issuance before a busy September. Collateral performance has been broadly resilient to date; however, the capacity to absorb further macroeconomic pressure is becoming more limited. To this extent, the PMs continue to favour secured assets from well-established lenders with proven track records through the cycle. They expect the tiering in performance to increase further, especially in the CLO market.

| Cumulative Performance | 1m | 3m | 6m | 1y | Annualised 3y | 5y | 10y | Since Inception* |
|---|---|---|---|---|---|---|---|---|
| NAV per share inc. dividends | 0.36% | 2.86% | 1.64% | 6.32% | 12.39% | 8.19% | 7.85% | 7.97% |

| Discrete Performance | YTD | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| NAV per share inc. dividends | 2.57% | 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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