

TwentyFour Income Fund

This Commentary is a marketing communication for professional UK investors only

Fund Commentary | 30 September 2026

Market Commentary

- **Summary:** Against a backdrop of broader market volatility, European securitised products performed well in September, supported by persistent demand and the floating-rate nature of the asset class. As expected, issuance increased seasonally, with €23bn of new asset-backed securities (ABS) and collateralised loan obligation (CLO) issuance during the month, alongside €2.6bn of CLO resets and refinancings. Bids wanted in competition (BWIC) volumes also rose significantly as market participants made room for new primary issuance. This additional volume weighed on senior spreads, particularly in ABS, with UK prime bonds widening by around 5 basis points (bp) during September. By contrast, mezzanine spreads remained resilient across asset classes, reflecting the strong demand that has characterised the market this year.
- **ABS:** European ABS supply returned in line with expectations in September, with €18bn of issuance across a diverse range of jurisdictions and asset classes. Despite softness in broader credit markets, new issue spreads remained firm. In residential mortgage-backed securities (RMBS), a AAA tranche from LendInvest priced at SONIA+0.8% following 2.5x oversubscription, while mezzanine tranches continued to attract a lot of interest. A clear theme in the ABS market was the disconnect between primary and secondary pricing, particularly in senior tranches. Although demand for new issues remained strong, appetite for seasoned paper in the secondary market was more limited. Combined with dealer reluctance to add risk at primary market levels, this resulted in some secondary market trades pricing wider than comparable primary issuance during the month, which can create attractive opportunities for the Funds.

- **CLOs:** CLO issuance remained healthy in September, supported by an active new issue market. European issuance reached €8.1bn, of which €5.5bn was new issuance. The US market was also active, with \$32bn of issuance, including \$9bn of new supply. During the month, AAA spreads remained firm at around 125bp, while investment grade (IG) mezzanine tranches continued to show strong momentum, particularly BBBs, with new issues pricing at Euribor+2.7%. European loans delivered a positive return relative to the end of August, although the European loan index fell by 0.3 points in the final week of September, reflecting broader credit market volatility. Together with continued supply, we expect to see resistance to spreads, as is already evident in the US market, given the selloff in US Treasuries, which typically is faster to reprice than Europe. However, strong global demand, particularly for IG tranches, may mask this in reality.

Portfolio Commentary

September was an active month for the Fund. In the CLO market, the portfolio managers (PMs) continued to add US BB CLO positions at SOFR+5%. The PMs also continued to build the Fund's significant risk transfer (SRT) exposure, adding an Italian corporate SRT during the month at Euribor+850bp. In addition, the Fund invested in a UK logistics commercial mortgage-backed securities (CMBS) transaction, where AAA spreads of SONIA+135bp looked attractive. Gearing increased to 4% during the month to reflect current market opportunities, while the Fund retained flexibility.

Market Outlook and Strategy

European securitised markets continue to perform well despite sustained geopolitical tensions and broader credit market volatility. The market absorbed September's supply effectively, and the team expect the pace of issuance to continue into October. Collateral performance has remained broadly resilient; however, the PMs do not believe that current spreads adequately compensate investors for taking additional credit risk amid rising geopolitical tensions and inflationary pressures. We are also likely to see policy volatility in the UK and France during the month, which could intensify these pressures. Against this backdrop, the team continue to favour secured assets from well-established lenders with proven track records through the cycle, while maintaining elevated liquidity and flexibility.

Cumulative Performance	1m	3m	6m	1y	Annualised				10y	Since Inception*
					3y	5y				
NAV per share inc. dividends	0.39%	1.34%	4.46%	5.39%	11.81%	8.17%			7.53%	7.94%

Discrete Performance	YTD	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NAV per share inc. dividends	3.58%	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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