

TwentyFour Select Monthly Income Fund

This Commentary is a marketing communication for professional UK investors only

Market Commentary

- Risk assets outperformed again in July, with resilient economic data, clarity on the US tax and spending bill and tariff resolutions boosting investor confidence as the month progressed. President Donald Trump announced new levies on a host of trading partners, effective from 1 August, as his tariff reprieve came to an end. The ‘risk-on’ sentiment that followed was partly extinguished by the worries about the Federal Reserve’s independence, after President Trump made certain comments about Fed Chairman Jerome Powell.
- Positive tariff developments helped the S&P 500 Index reach a record high by the end of the month. However, the combination of sticky inflation and robust economic growth data meant that investors continued to price out near-term interest rate cuts. This was compounded by the hawkish tone struck by European Central Bank (ECB) President Christine Lagarde at the ECB’s meeting towards the end of the month, which contributed to the wider sovereign bond sell-off across developed markets throughout July.
- Primary issuance began to slow towards the end of the month, with the market setting itself up for the typical summer lull. However, earnings season commenced with the highlight thus far being that of UK banks struggling off tariffs and fiscal concerns with higher margins. On the corporate side, although some sub-industries appear to have weakened, profitability has remained in a healthy position, which should instil confidence among fixed income investors.

Portfolio Commentary

- The portfolio managers kept sector allocations broadly the same during the month, but were active in both the primary and secondary markets to make changes within buckets. The team took advantage of elevated levels of new issuance in the primary market, adding new bonds that offered an attractive relative-value proposition.
- The Fund was well positioned to navigate the market uncertainty, posting a positive total return again in July. As the market continued to grind tighter, corporate bonds performed strongly over the month, with insurance and bank Additional Tier 1s again serving as the biggest contributors to the Fund’s performance, supported by a strong start to the financials earnings season. No sectors contributed negative performance during July.

Market Outlook and Strategy

- Despite the economic and political volatility of the past few months, developed markets remain in a strong position heading into the latter part of the summer. Fundamentals continue to be solid, with earnings releases so far bringing no negative surprises from a credit point of view. Banks appear to have posted good numbers, with low non-performing loans, strong margins and healthy returns on equity. When corporate fundamentals are good, the chances of a recession tend to be relatively low, technicals are strong and spreads largely incorporate all of the above, the result is tight spreads. As asset allocators, the team’s approach to this situation is to maintain an overweight in credit but focus on higher-quality and relatively short-dated bonds, in addition to keeping plenty of ‘dry powder’ to deploy if spreads were to widen.

Cumulative Performance	1m	3m	6m	1y	Annualised				Since Inception*
					3y	5y	10y		
NAV per share inc. dividends	1.44%	5.44%	5.00%	13.13%	13.53%	8.91%	6.85%	6.50%	

Discrete Performance	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
NAV per share inc. dividends	6.68%	17.69%	17.60%	-12.92%	7.48%	5.73%	11.94%	-1.41%	14.56%	8.20%	2.81%

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: 10/03/2014.

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
- Derivatives entail risks relating to liquidity, leverage and credit fluctuations, illiquidity and volatility
- Interest rates may vary, bonds suffer price declines on rising interest rates
- Investment universe may involve investments in countries where the local capital markets may not yet qualify as recognised capital markets
- Typically, sub-investment grade securities will have a higher risk of issuer 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/sustainability

Further Information



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Further information on fund charges and costs are included on our website at www.twentyfouram.com/view/GG00BJVDZ946/twentyfour-select-monthly-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/purchased and redeemed/disposed of, 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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