TwentyFour
a boutique of Vontobel

TwentyFour Select Monthly Income Fund

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Fund Commentary | 28 November 2025

Market Commentary

- Investors recalibrated the odds of near-term interest rate cuts throughout November as conflicting economic data and central bank commentary contributed to volatility in policy expectations. Early in the month, weak US employment indicators and deteriorating consumer sentiment encouraged investors to lean into the possibility that the Federal Reserve (Fed) would cut rates in December. Hawkish commentary from Fed officials then pushed the implied probability of a December rate cut to as low as 27%, which lifted Treasury yields and cooled risk sentiment. Dovish remarks from policymakers, together with speculation that Kevin Hassett was the likely frontrunner to become the next Fed chairman, reignited expectations of a December cut, pushing the odds above 80% and supporting a broad risk rally. Investors also focused on reassessing whether technology valuations had gone too far, with the remarkable run of artificial intelligence (AI) stocks drawing fears of a bubble. This compounded the fragile risk appetite in early November. In fixed income, after a wave of big deals in recent months, unease grew about the 'capital expenditure treadmill' that the AI boom has created.
- November brought further signs of stress in the private credit market. Investors expressed concerns over the illiquidity of long-term loans held by private credit funds, as well as the opacity of valuations that rely on internal valuations rather than transparent public market pricing. Private credit market stress was most evident with turmoil at Blue Owl Capital, which cancelled a planned merger between two of its private credit funds following investor criticism. The incident raised questions over whether 'hidden risk' is embedded in some private credit funds, and compounds concerns surrounding weaker underwriting standards.
- UK Chancellor Rachel Reeves delivered her much-anticipated Autumn Budget. The most important feature was that of heavily backloaded fiscal consolidation, with tax-raising measures due to take effect further down the line. The main measures included £26bn of tax rises by 2029 from frozen income tax thresholds, National Insurance on salary-sacrifice pensions, and higher taxes on dividends and property. This left 10-year gilt yields 10 basis points lower on the week, with the rally likely a result of the fact that there were no unexpected announcements.

Portfolio Commentary

- The portfolio remained well positioned to deal with realistic macroeconomic volatility. The portfolio managers (PMs) continued to keep the portfolio's average credit quality high relative to historical standards, avoiding CCC and weaker single-B names. The PMs continued to target carry in good-quality credit and remained ready to take advantage of periods of volatility when they presented themselves.
- The Fund was well positioned to benefit from bouts of buoyancy among market participants and withstand spells of weakness. Collateralised loan obligations (CLOs) were the biggest contributor to the Fund's performance. European BB CLOs have returned 7.0% and 8.2% in euro and dollar terms, respectively, in the year to date, significantly outperforming both the high yield bond and loan markets globally, with carry the primary driver of performance. Bank Additional Tier 1s (AT1s) also performed well, thanks to the strong technical that has persisted in the asset class. There were no detractors as spreads were well contained and investor demand persisted.

Market Outlook and Strategy

- Volatility should subside heading into the festive period. Before then, though, investors will be keen to dissect any Fed speech or US economic data to price the possibility of a rate cut at the central bank's December meeting. Primary market activity should also slow as issuers look to the new year to bring deals to the market, given the lack of activity in the latter part of December.
- From an asset allocation perspective, it is worth reiterating that the opportunity cost of not stretching down the credit quality spectrum is not particularly high at present. Given the yields on offer in the BB/BBB part of the market, one does not need to import much default risk to target mid-to-high single-digit returns. While there are localised pockets of weakness, the credit story remains well supported. Conviction around returns for higher-quality credit remains strong, since accessing these high overall yields does not require taking on too much duration or default risk.

Cumulative Performance	1m	3m	6m	1y	Annualised 3y	5y	10y	Since Inception*
NAV per share inc. dividends	0.55%	2.15%	6.16%	11.41%	15.29%	7.67%	7.30%	6.58%

Discrete Performance	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
NAV per share inc. dividends	9.81%	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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Important information

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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