TwentyFour
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TwentyFour Select Monthly Income Fund

This Commentary is a marketing communication for professional UK investors only

Fund Commentary | 31 December 2025

Market Commentary

- The main headlines at the beginning of December came from developments in Japan, where comments from Bank of Japan (BoJ) Governor Kazuo Ueda led investors to price in a higher probability of a December interest rate hike. Later in the month, the BoJ announced that it was raising interest rates by 25 basis points (bp) to 0.75%, representing the highest level since 1995. Over the month, the yield on 10-year Japanese government bonds (JGBs) rose by over 20bp to a post-2008 high of over 2%, while the yield on 30-year JGBs sold off to the highest level since the tenor was introduced in the late 1990s.
- The Federal Open Market Committee delivered a third consecutive 25bp interest rate cut at the Federal Reserve's (Fed) final meeting of the year, which took the US base rate to a range of 3.50-3.75%. The reduction was accompanied by signals that the Fed would remain on hold in early 2026, with the so-called dot-plot projections showing the median participant only expecting one more rate cut in 2026. Furthermore, updated economic projections struck a hawkish tone, with real GDP revised higher across the 2025-27 period, while 2026 headline and core personal consumption expenditure (PCE) inflation were revised lower to 2.4% and 2.5%, respectively.
- In the UK, weakening growth and easing inflation reinforced expectations that the Bank of England (BoE) would ease monetary policy going into 2026. The headline Consumer Price Index (CPI) slowed to 3.2% year on year, while GDP data pointed to softness within the economy. Against this backdrop, the BoE cut its base rate by 25bp to 3.75% in a close vote, which strengthened market conviction around further easing in 2026. Unlike sovereign bonds of other developed countries, UK gilt yields rallied over the month, with the 10-year yield peaking near 4.55% in mid-December, before easing back towards 4.45% by the end of the month. Longer-dated yields were more constrained by fiscal concerns and heavy issuance expectations, which limited the extent of the rally despite softer economic data.

Portfolio Commentary

- The portfolio remained well positioned to deal with realistic macroeconomic volatility. The portfolio managers (PMs) continued to keep the average credit quality of the portfolio 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. Bank Additional Tier 1s (AT1s) were again the biggest contributor to the Fund's performance, as European banks continued to benefit from a strong technical amid solid earnings growth. There were no significant detractors as spreads tightened across virtually all credit sectors during the month.

Market Outlook and Strategy

- The macroeconomic outlook for the beginning of 2026 points to solid global growth, with major developed economies expanding at close to their potential growth rates and inflation seemingly more contained. While there are valid fears around the sustainability of technology and artificial intelligence (AI) valuations, and geopolitical uncertainty is likely to continue, fundamentally the PMs believe this remains a positive environment for fixed income assets. With global GDP expected to expand, banks in solid shape, corporates generally healthy, households relatively resilient and central banks accommodative, the current cycle is likely to extend.
- Prudent positioning will consist of maintaining an emphasis on higher-quality, higher-rated assets and avoiding aggressive moves out along the duration curve. Despite tight spreads, overall yields remain compelling and the opportunity to allocate to high-quality businesses at attractive yields means that staying on the sidelines – holding cash – is unlikely to be a rewarding strategy. Performance is expected to be driven by elevated carry and yields in the context of strong technical drivers.

Cumulative Performance	1m	3m	6m	1y	Annualised 3y	5y	10y	Since Inception*
NAV per share inc. dividends	0.81%	1.90%	5.27%	10.70%	15.28%	7.47%	7.57%	6.60%

Discrete Performance	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
NAV per share inc. dividends	10.70%	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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