TwentyFour
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TwentyFour Select Monthly Income Fund

This Commentary is a marketing communication for professional UK investors only

Fund Commentary | 30 October 2026

Market Commentary

- October brought a further rise in oil prices as hopes of a resolution to the US-Iran conflict faded ahead of the US midterm elections. Brent rose by 13.6% over the month and peaked at $118 per barrel – the highest level since late August. The spike in prices came after an attack on a tanker in the Strait of Hormuz and renewed threats to Saudi energy infrastructure, which heightened fears of further supply disruption. Markets are now bracing for a possible escalation in hostilities after the midterm elections on November 3.
- Following hikes in September, central banks paused in October. The US Federal Reserve (Fed) kept its target range at 3.75% to 4.0% at its October 28 meeting, and the European Central Bank (ECB) left its deposit rate at 2.5% the following day. However, ECB President Christine Lagarde said the Governing Council had debated a hike, keeping a December move on the table. Lagarde also announced she would step down early, in February 2027, setting up a leadership contest at a critical time for eurozone monetary policy. Over the month as a whole, government bonds rallied, with 10-year US Treasury yields falling around 35 basis points (bp), from 5.29% to 4.94%.
- Risk assets had a more challenging month, as concerns over artificial intelligence (AI) investment weighed on US tech, with the Nasdaq down 5.3% and the S&P 500 falling 0.9%. In credit, the rates rally supported Investment Grade (IG) total returns, while High Yield (HY) came under pressure from idiosyncratic stress. Within HY, the lowest rated bonds bore the brunt of this stress, with the CCC and lower index returning -7.0% against -1.0% for the broader European HY index.

Portfolio Commentary

- October was a challenging month for the Fund, given the volatile market backdrop, with the Fund generating a negative total return. Collateralised loan obligations (CLOs) were the largest detractors of Fund performance, as floating rate assets saw some selling pressure. European HY also weighed on returns, impacted by risk-off sentiment and idiosyncratic stress in lower rated names, along with the Insurance bucket, given its exposure to French credit.
- CoCos and Euro Investment Grade indices returned +0.1% and +0.8% respectively, with Euro IG supported by lower government bond yields. Portfolio managers remained active in both the primary and secondary markets, executing attractive relative value switches within buckets and electing to trim our CLO allocation, while maintaining a defensive positioning focused on higher quality credit, and a roughly neutral duration exposure.

Market Outlook and Strategy

- Performance dispersion has picked up in credit, and the managers remain extremely selective. High starting yields mean the probability that European HY will deliver positive returns over the next 12 months looks strong. They expect the market will be especially sensitive to issuers that miss their earnings estimates and further spread widening in weaker names cannot be ruled out in the short term. They continue to favour higher quality credit and are seeing relative value opportunities emerge following the recent spread widening.
- Oil remains the most important driver of inflation expectations and government bond yields. A resolution in the Middle East that brought Brent back towards $80 per barrel would likely trigger a rally across government bond curves and ease rate hike expectations.
- The managers remain cautious on the hyperscalers and AI data centre build-outs. Sentiment towards the sector soured in October as Q3 results showed spending continuing to outpace cash generation, with Amazon holding its 2026 capex forecast at $220bn and reporting negative free cash flow for a second consecutive quarter.
- The managers take comfort in macro and corporate fundamentals, which remain resilient across the US, Europe and the UK, and starting yields on short-dated IG credit are around the 90th percentile and fund flows have been robust.

Cumulative Performance	1m	3m	6m	1y	Annualised 3y	5y	10y	Since Inception*
NAV per share inc. dividends	-0.94%	-1.69%	0.86%	2.66%	12.42%	6.27%	7.08%	6.26%

Discrete Performance	YTD	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NAV per share inc. dividends	1.27%	10.70%	17.69%	17.60%	-12.92%	7.48%	5.73%	11.94%	-1.41%	14.56%	8.20%

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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