TwentyFour ASSET MANAGEMENT

A BOUTIQUE OF VONTOBEL ASSET MANAGEMENT

Vontobel Fund – TwentyFour Strategic Income Fund

April 2021

Vontobel

TwentyFour Asset Management

- **Fixed income specialist in Europe**
  - > All resources dedicated to one asset class, investment team are all fixed income specialists
  - > **36** consecutive quarters of net inflows, with AUM of **£18.7bn**
  - > Majority-owned by the Swiss-listed Vontobel Group, which supports and invests in our future

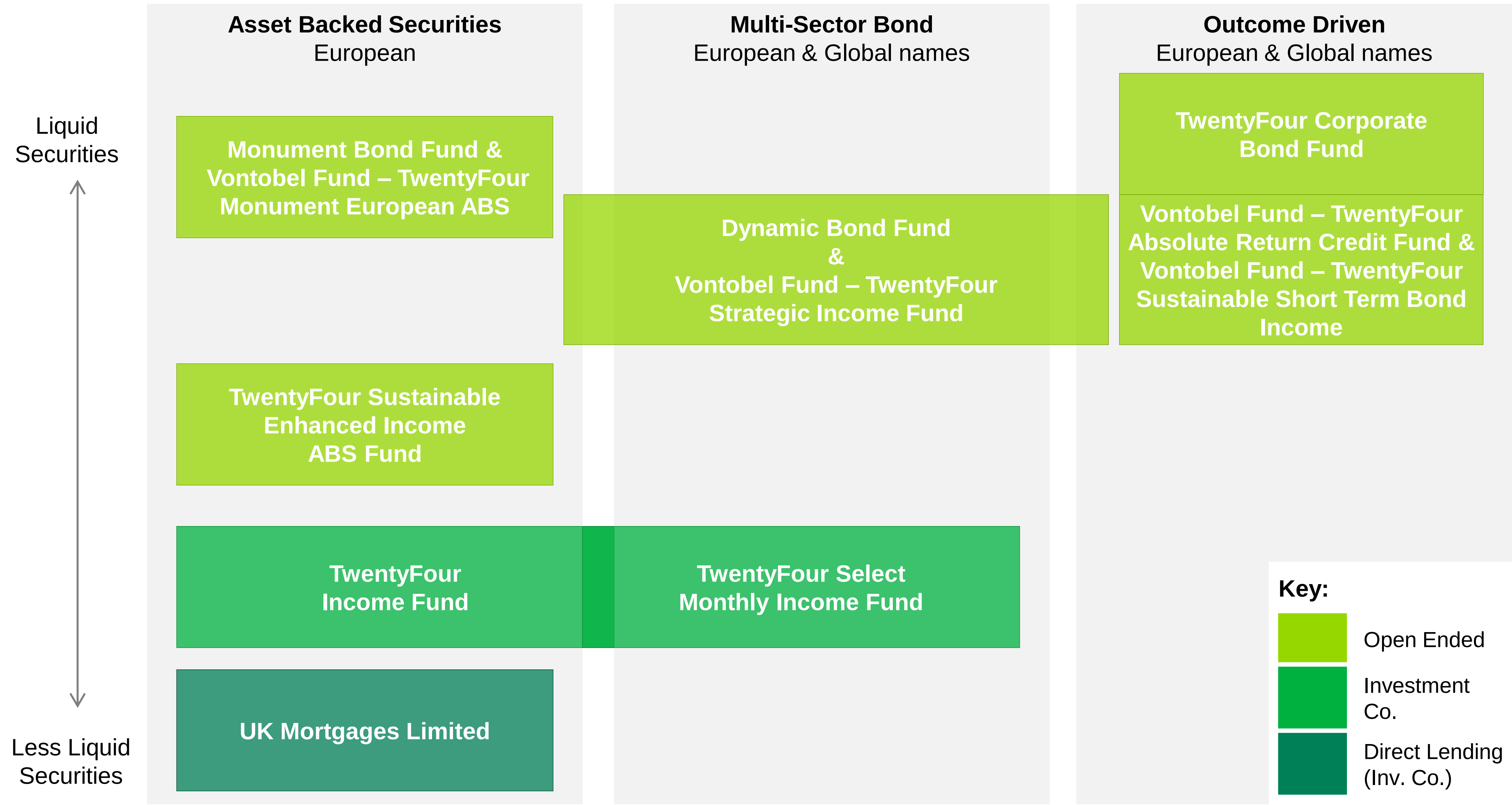
- **Performance is our primary goal**
  - > Committed to an active, high conviction approach to fund management
  - > Long term continuity of investment team and process is paramount
  - > Products created only when we believe we can add value (and we invest in them ourselves)

- **We build partnerships with our clients**
  - > We have a deep commitment to client service and transparency
  - > We share our specialist fixed income insight through constant client engagement
  - > Flat management structure and dynamic culture makes the most of our size and entrepreneurial spirit

Partnership **Process** **Performance**

The AUM figures reported up to February 2021 included investment advisory assets however this is no longer included. Investment advisory assets are all assets for which TwentyFour provides services such as but not limited to portfolio structure, manager recommendations and performance reporting but does not have full discretion over the account(s).
Source: TwentyFour
31 March 2021

TwentyFour fund range



Source: TwentyFour
31 March 2021

Comprehending the recovery

- The **drivers** that led the early recovery were a combination of **enormous intervention, extreme value potential, and** importantly **ample liquidity**, matched with some willing sellers primarily via new issues – with a hefty premium initially
- The **overwhelming drivers** in the last few months have been **technical factors**, with enormous inflows into credit markets coming from 3 principal but separate powerful sources:
  1. Policy makers around the globe intervening in markets
  2. New inflows into mutual funds and similar structures that invest in various types of credit
  3. Inflows into credit, primarily investment grade from the proceeds of selling government bonds
- The rapid development, approval and distribution of various **vaccines is believed to be a game changer** that should allow a gradual return to normal life in 2021 and in our view facilitate a strong global economic recovery
- Equally importantly it should **give governments around the world the confidence** to provide one more significant fiscal stimulus, knowing an end looks to be within reach

The next phase, 2021

If 2020 was all about markets rallying ahead of the fundamental recovery, we think 2021 will be the time that the economies catch up

- The huge market **drivers of fiscal stimulus** and ground breaking extraordinary **monetary policy are expected to remain** firmly **in place** while the vaccines are distributed
- We think 2021's recovery will look much more like the **typical economic recoveries** that we have seen in past cycles, albeit perhaps with more certainty
- Consequently there looks to be a very **high degree of consensus** in the market place
- However **we don't** believe now is the time to **play contrarian**
- **Markets tend to do well** when the direction of travel is so clear

Don't get left behind by the pace of change

- The stand out feature that gripped markets in 2020 was the **incredible pace of change**, both in market pricing but also in the response from the authorities and the economic bounce
- These factors are all linked and additionally look to all be **linked to the pace of the spread of the pandemic** too
- This feature is not expected to change in 2021 so we think it remains **important to act decisively** and with conviction
- **Waiting for the dip** has **not been**, and is not thought to be, a **good strategy**
- We think it is likely that **markets will make new highs**, new tights in credit spread in 2021 which is miraculous given where we were less than a year ago and how long recoveries have typically taken in the past

Default rates and ratings migration

- **Ratings migration has historically been a good leading indicator** for default rates and it was very negative in 2020 with Q2 being the worst
- **Downgrades** depending on agency were in the **area of 10 per upgrade** and consistent with what is normally seen during a deep recession
- The **trend of downgrades has continued** but the ratio of downgrades to upgrades has been improving steadily to the point that we think it is likely that we see more upgrades than downgrades by the end of 2021
- It is our view therefore that the **default rate will peak in early 2021** and at a level that is materially better than first feared back in Q2 2020
- We anticipate **European Speculative grade defaults to hit 4 pc** or just above and return down to 3 pc or below by year end
- The **US rate will be higher** due to overall quality and sectoral biases, but we would not expect the default rate to go much above 7% and return to below 5 by year end

Where are we now ?

- The pace of change in credit spreads has been blindingly quick and in our view it's likely we will surpass the previous cycle lows in many sectors' spreads in 2021

Index	Wide spread at start of new cycle (bp)	Low basis point spread in old cycle	Todays spread over risk free (bp)
US IG	397	88	90
Euro IG	228	70	87
GBP IG	272	104	107
US HY	1,082	326	337
Euro HY	865	235	311
GBP HY	1,032	349	381
Coco	685	249	312

Source: TwentyFour, ICE Indices; 9 April 2021.

Our outlook

- Our 2021 outlook for fixed income is predominantly about **credit spread tightening** across nearly all geographies and sectors with credit compression across ratings bands
- **Investment grade spreads** have already achieved the prior cycle lows and **we expect them to set new tights**
- However, much of this **IG tightening could be nullified** by risk free government bond yields steepening due to **growing inflationary concerns**
- In **high yield** there will be **further spread contraction** but not reaching the lows of the prior cycle in 2021. Being anchored to the shorter and mid parts of the yield curves they shouldn't be hampered by the risk free move higher so we expect the best returns to come from here
- We make a **particular reference to financials** who have weathered the crisis well and whose subordinated bonds deserve a material rerating
- In European ABS we **favour CLO exposure** to benefit from an improving default rate
- We remain **cautious on government bond debt** except for short term tactical reasons, but still hold short dated bonds for liquidity purposes

A few things we are worried about?

- At this stage our main concern is rising government bonds yields, in particular the US curve
- Short and medium term bonds should remain more anchored with bear steepening at the long end likely to continue.
- Regulatory changes for industries that required pandemic support look possible
- We can't rule out further surprises on the pandemic front
- By 2021 year end, with markets anticipated to be making new highs, fiscal expansion could be replaced by fiscal discipline - will the market be ready for that?
- The Fed are convinced that any near-term inflation will be transient, however we believe that there are reasons not to be complacent about a change in expectations as 2021 progresses:

Rapid economic recovery led by a frustrated and buoyant consumer

Huge jump in money supply

Banks no longer contracting their balance sheets

Ultra easy monetary and fiscal policy in the face of sharp recovery

These views represent the opinions of TwentyFour as at 31 March 2021, they may change and may have already been acted upon, and do not constitute investment advice or a personal recommendation. They may also not be shared by other entities within the Vontobel Group.

Medium term drivers should be positive for credit investors

Interest rates
are likely to stay near zero for the majority of the next decade, perhaps even longer

Economic fundamentals
should continue to improve and global GDP expected to return to and beyond levels seen in Q4 2019

The intervention from authorities
will likely be here for multiple years

Credit metrics
should improve across the ratings spectrum as the recovery gains momentum and businesses are able to deleverage

Equity dividends
aren't expected to be at prior cycle levels for several years

Sources of income
will therefore become more scarce and the amount of income available suppressed

Demand for fixed income
expected to surpass what was experienced in the previous cycle

Feels inevitable that rates stay low and credit spreads grind tighter

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Summary – The old pro cyclical playbook

1. The **recovery** and rally in asset prices has been startlingly quick, but we think it's justified

2. **Technical factors** have overwhelmed and are expected to remain highly supportive, and now fundamental factors are catching up and supporting valuations

3. Those who missed out are left **"buyers on dips"** which should help to further underpin the current position

4. Structurally this recession looks to have left **fixed income markets** unhealthily imbalanced

5. **Rates products** need to adjust yield higher to avoid investors disengaging

6. **Long term opportunity** remains in credit assets which could fulfil the income demand for years to come

7. Embrace **pro-cyclicality** but beware of timing and structural shifts to certain sectors

8. **Today's portfolio** should be particularly dynamic reflecting the market's rapid pace of change

Vontobel Fund – TwentyFour Strategic Income Fund overview

TwentyFour ASSET MANAGEMENT

Goal	Aims to provide **an attractive level of income** along with an opportunity for **capital growth**
Concept	A genuinely **unconstrained** and **unleveraged long only** bond fund, managed **independent of market indices**
How	Seeks to combine the best sources of fixed income risks from around the globe in one portfolio
	Active management of key risks, e.g. interest rate and credit durations
	Highly focused on **relative value and liquidity**
	Value added through security selection as well as from the top down
	Risk reduction through a broad armoury of hedging tools
Outcome	**Enables the fund to perform throughout the economic cycle**

Subject to change, without notice, only the current prospectus or comparable document of the fund is legally binding. There is no guarantee that the objectives will be met.

TwentyFour ASSET MANAGEMENT

Significant asset allocation changes

- Initially moving out of Government bonds and deploying cash into highly rated assets we thought looked cheap in comparison
- Average credit quality added was BBB and focussed on companies thought to have robust balance sheets in sectors liked by the PM team
- Now rotating some BBB's into lower rated exposures as we look to embrace pro cyclicality
- Average rating of purchases: March-October 2020: BBB- / November-now: BB*
- £3.07bn** equivalent of credit assets were added to the portfolio since mid March 2020 (69.45%)
- By end of March 2021, cash and risk free governments was ~15% from ~36% in March 2020
- Core government bonds are now in 2-yr UST, held for liquidity and flexibility purposes
- On top of this, we now have a ~6% position in 10-yr BTPs
- Credit spread duration of the portfolio increased from 2.61 years at the end of March 2020 to 4.04 years at the end of March 2021
- Core government bonds interest rates duration reduced to 1.43 years from 6.03 years over the same period
- While interest rate duration of the overall portfolio increased to 3.79 from 3.47

High turnover has been a reflection of the fast moving markets

*This is an average rating of credit purchases only. See Important Information for TwentyFour's credit rating methodology. **Gross add, excludes Government bonds and ABS.

Source: TwentyFour; 31 March 2021

Vontobel Fund – TwentyFour Strategic Income Fund vs. ICE Global Bond Index

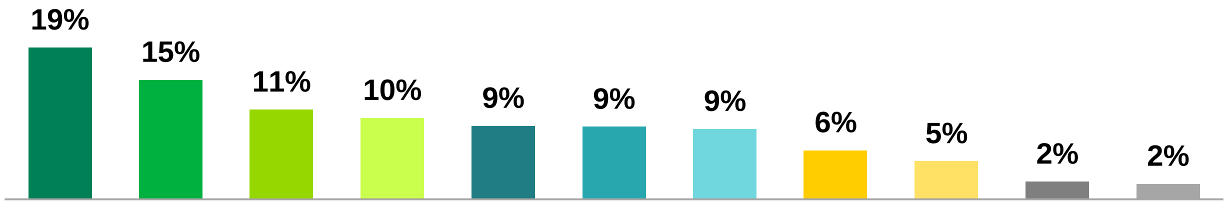
	ICE Global Bond Index	Vontobel Fund – Twentyfour Strategic Income Fund
Size	$66.4 trillion	£4,390.06 million
Number of issuers	4,857	171 (ex. ABS)
Credit spread duration	N/A	4.04yrs
Core govt bond interest rates duration	N/A	1.43yrs
Overall interest rate duration	8.27yrs	3.79yrs
Yield-to-worst	1.05%	3.81%
Average rating	AA2	BBB-
	Unmanaged	**Actively managed**

Yield for the Index is shown as the weighted-average of each bond's local currency yield with no FX hedging adjustments, while the yield for the fund is shown at hedged portfolio level and gross of expenses.

Past performance is not a reliable indicator of future performance. Performance data does not take into account any commissions and costs charged when 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. It is not possible to invest directly into an index and they will be not be actively managed. ICE Global Bond Index has been chosen as a proxy for the fixed income market overall. Prior to September 2020, Barclays Multiverse index was used for comparison; this was replaced with the equivalent ICE Global Bond index due to licensing restrictions. Please see Indices Glossary slide for further information on the index. See Important Information slides for TwentyFour's average credit rating methodology. Source: ICE Indices, TwentyFour, 31 March 2021

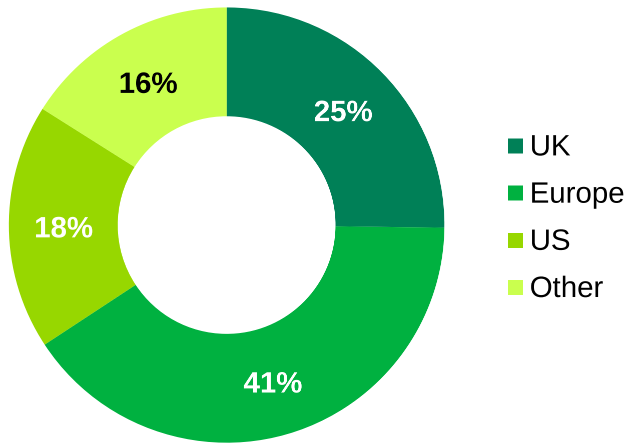
Vontobel Fund – TwentyFour Strategic Income Fund portfolio positioning

Sector breakdown

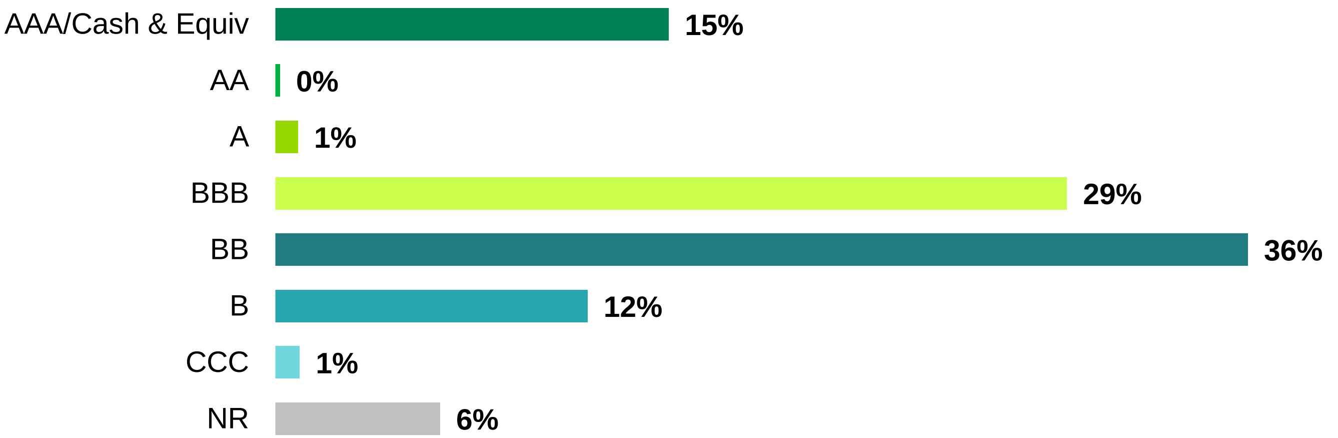


	AT1s	HY - EU	EM	Gov - Rates	CLOs	Insur.	HY - US	Gov - Other	Banks	ABS	IG Corps
Yield, £ (%)	4.11	4.47	5.22	0.05	7.21	4.06	4.58	1.29	4.25	3.80	2.88
Duration (yrs)*	3.52	3.37	4.40	1.43	3.66	5.79	3.96	9.77	9.76	2.99	5.69

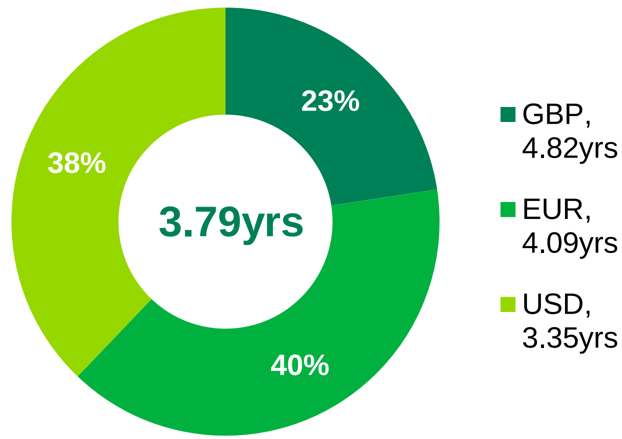
Geographic breakdown



Rating breakdown



Interest rate duration by yield curve



*Duration is Credit Spread for all sectors excluding Government Rates which is Interest Rate Duration. Geography for ABS calculated on a direct exposure basis. See Important Information slides for TwentyFour's credit rating methodology. Positioning numbers are rounded to nearest integer and therefore only approximate.
Source: TwentyFour
31 March 2021

Where next? Embracing pro-cyclicality

- History shows we need to do this to try to maximise returns as the cycle progresses, but timing is important
- Secondly we must not confuse cyclical downturn with structural change and disruption
  - Beware of retail, automotive, travel, commercial property for example
- We are selectively going down the rating spectrum to try to capture the expected compression
- Main ways we are looking to embrace pro-cyclicality:
  - Financials
  - Unsecured vs secured
  - Corporate hybrids
  - CLOs
  - Emerging markets
  - Or simply extending credit spread duration

Vontobel Fund – TwentyFour Strategic Income Fund performance

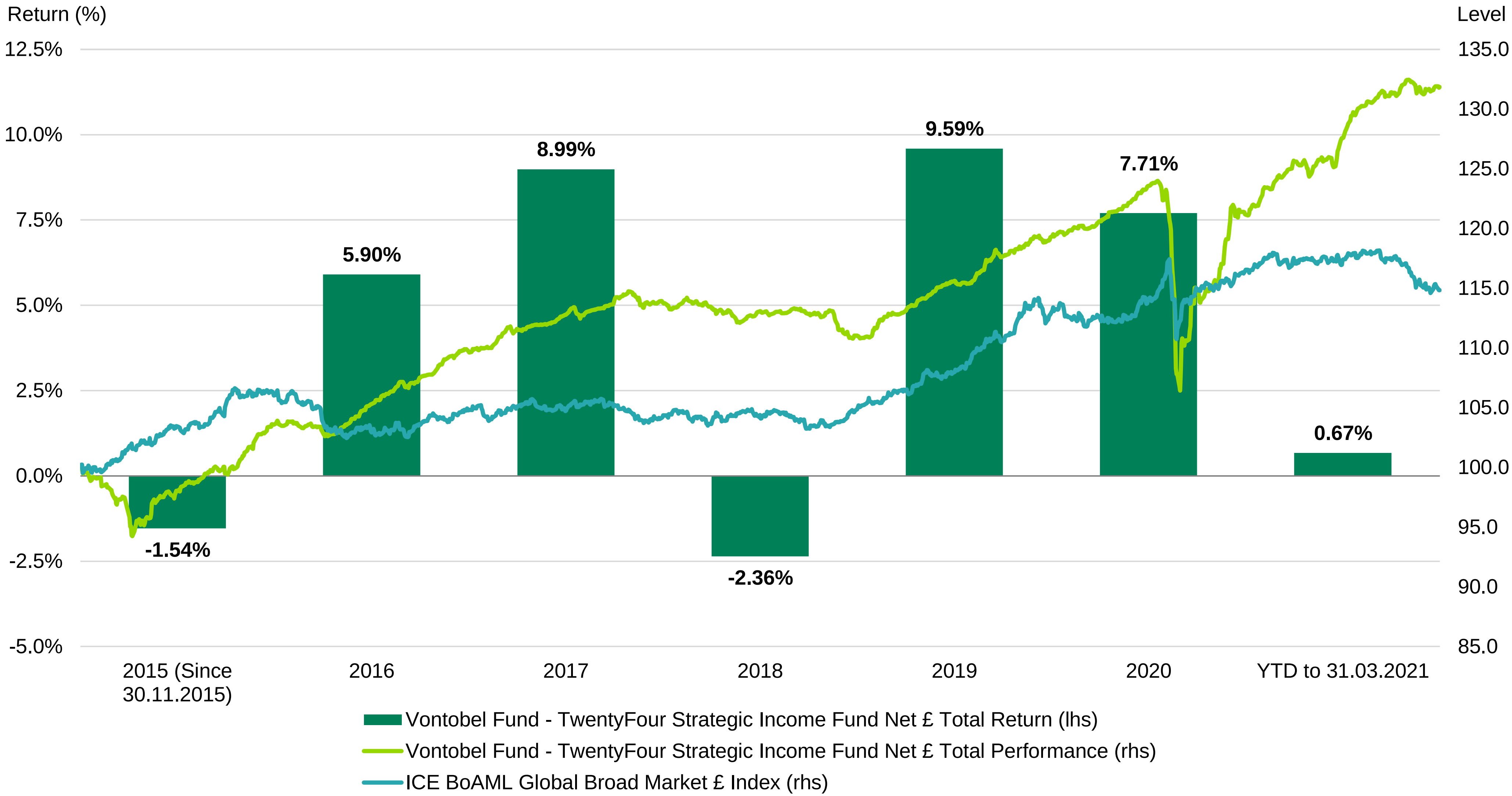
Cumulative performance	1 month	3 months	6 months	1 year	3 years	5 years
Class G Acc	0.40%	0.67%	5.51%	19.19%	16.30%	34.77%

Discrete performance	YTD	2020	2019	2018	2017	2016	Since Inception*
Class G Acc	0.67%	7.71%	9.59%	-2.36%	8.99%	5.90%	31.85%

Rolling performance	03.20-03.21	03.19-03.20	03.18-03.19	03.17-03.18	03.16-03.17
Class G Acc	19.19%	-3.32%	0.93%	5.42%	9.93%

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 portfolio 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 of the Vontobel Fund – TwentyFour Strategic Income Fund: 30 November 2015.
Source: TwentyFour
31 March 2021

Vontobel Fund – TwentyFour Strategic Income Fund performance and annual total return



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. It is not possible to invest directly into an index and they will not be actively managed. 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. Please see Indices Glossary slide for further information on the index.

Source: TwentyFour, ICE Indices; 31 March 2021

Vontobel Fund – TwentyFour Strategic Income Fund

Key risks

- All financial investment involves risk. The value of your investment isn't guaranteed, and its value and income will rise and fall. Investors may not get back the full amount invested.
- Past performance may not be a reliable guide to future performance, and the fund may not achieve its investment objective.
- Fixed income carries two main risks, interest rate risk and credit risk: (1) Where long term interest rates rise, there is a corresponding decline in the market value of bonds and vice versa; (2) Credit risk refers to the possibility that the issuer of the bond will not be able to repay the principal and make interest payments.
- 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.
- Investing in emerging markets may be affected by political developments, currency fluctuations, illiquidity and volatility.
- The fund can invest in structured credit products or asset-backed securities (ABS). The issuer of such products may not receive the full amounts owed to them by underlying borrowers, which would affect the value of the fund. Credit and prepayment risks also vary by tranche which may affect the fund's performance.
- 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.
- The fund’s investments may be subject to sustainability risks. Information on how sustainability risks are managed in this fund may be obtained from vontobel.com/SFDR.

The listed risks concern the current investment strategy of the fund and not necessarily the current portfolio. Please refer to the offering documents for the full list of risks.

Vontobel Fund – TwentyFour Strategic Income Fund internal guidelines and range

	Current Internal Guidelines	Low*	High*	Current
Interest Rate Duration	0 – 7 years	2.48 years	4.56 years	3.79 years
Credit Duration	0 – 7 years	2.21 years	4.44 years	4.04 years
Average Rating	A – BB-	BB-	BBB+	BBB-
Financials	0 – 50%	30%	40%	32%
Asset Backed Securities	0 – 20%	11%	20%	11%
Emerging Markets	0 – 20%	0%	13%	11%
Currency	+/- 0.50%	0%	+/- 0.50%	0.5%

Unconstrained by reach, constrained by risk control

Past performance is not a reliable indicator of future performance. *Since inception of the Vontobel Fund – TwentyFour Strategic Income Fund on 30 November 2015.
See Important Information slides for TwentyFour's average credit rating methodology.
Source: TwentyFour
31 March 2021

TwentyFour Asset Management

Current investment themes

Vontobel Fund – TwentyFour Strategic Income Fund

Appendix

Portfolio management

Mark Holman is one of the founding partners of TwentyFour Asset Management, and serves as the firm's Chief Executive Officer.

He sits on the firm's Executive Committee, which has the overall responsibility for the day-to-day running of the firm, as well as the Board of Directors, which sets the overall strategy and direction of the business.

Day-to-day, Mark is also a key member of the firm's Multi-Sector Bond team. He is a member of the firm's Investment Committee.

Mark has over 32 years of experience in fixed income markets gained across a variety of senior roles in asset management and investment banking, including positions at Barclays Capital, Lehman Brothers and Morgan Stanley.

Eoin Walsh is one of the founding partners of TwentyFour Asset Management, and a Portfolio Manager.

Eoin's main responsibility is managing the firm's Multi-Sector Bond team and corresponding funds. He also sits on the firm's Investment Committee.

Eoin has over 23 years of experience in fixed income markets and prior to joining TwentyFour was a portfolio manager at Citigroup Alternative Investments, managing over USD 75bn of fixed income assets.

Gary Kirk is one of the founding partners of TwentyFour Asset Management, and a Portfolio Manager.

He sits on the firm's Investment Committee, which sets the overall risk bias for the portfolios managed by the firm. Gary's main responsibility is managing the firm's Multi-Sector Bond team and corresponding funds.

Gary has over 33 years of experience in fixed income markets gained across a variety of senior roles in asset management and investment banking, including leadership positions at Daiwa Capital, Royal Bank of Canada, CDC and Wachovia Bank.

Felipe Villarroel joined TwentyFour Asset Management in 2011 and is a Portfolio Manager in the Multi-Sector Bond team. Felipe's main responsibility is managing funds. He is also a member of the Investment Committee.

Prior to joining TwentyFour, Felipe worked as an Asset Allocation and Strategy Analyst at Celfin Capital in Chile, now part of the BTG Pactual group. There, Felipe took an active role in developing the team's strategic view of the global macro economy and asset classes.

Felipe graduated from Pontificia Universidad Catolica de Chile with a Bachelor's degree in Economics and Business Administration before obtaining a Master's in Finance from the London Business School. Felipe is also a CFA charterholder.

David Norris joined TwentyFour Asset Management in September 2018. Based in the New York office, he serves as the Head of US Credit as well as one of the portfolio managers of the Multi-Sector Bond team. He is a credit specialist with over 33 years' experience in fixed income markets gained across a variety of senior roles in asset management and investment banking in London, Frankfurt and New York.

He has held leadership positions in high yield, credit derivatives, structured products and global credit trading at Credit Agricole, BNP Paribas, Greenwich Capital and UBS. Once a member of the infamous New York Cosmos soccer team, David went on to earn degrees in business at the University of British Columbia, Vancouver and law from the University of Reading in the UK.

Pierre Beniguel joined TwentyFour Asset Management as a Portfolio Manager in April 2014.

Pierre manages TwentyFour's Multi-Sector Bonds funds, with a particular focus on European corporate bonds. Pierre has more than 10 years' experience in fixed income and previously worked in WestLB's credit trading and special situations divisions. He holds a degree in Mathematics & Economics from University College London.

Charlene Malik joined TwentyFour in September 2018 after spending 6 years on the sell-side at Citigroup and RBS after graduating from King's College London with a BSc in Computer Science.

She is working in the Multi-Sector Bond in a portfolio management role.

Vontobel Fund – TwentyFour Strategic Income Fund 2020 performance contribution

Sector	Average holding	Net contribution per sector
ABS - CLOs	9.24%	0.54%
ABS - non CLOs	4.46%	0.16%
Banks - AT1s	18.38%	1.37%
Banks - non AT1s	6.57%	0.85%
Insurance	10.97%	1.56%
Government- Rates	9.15%	1.17%
Government - Other	5.63%	0.06%
High Yield - EU	9.26%	0.43%
High Yield - US	9.83%	0.42%
IG Corps	3.73%	0.72%
Emerging Markets	10.41%	0.81%
Total Return		**7.71%**

Past performance is not a reliable indicator of future performance. Net contribution per sector: each individual sector's contribution to the overall performance in the Vontobel Fund – TwentyFour Strategic Income Fund G GBP performance 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. The net return contribution per sector is calculated by adjusting the realised gross contribution per sector by portfolio fees apportioned on the basis of average sector portfolio weighting.
Source: TwentyFour; 31 December 2020

Investment process

Monthly	Weekly	Daily
Economic & market views	**Portfolio targets**	**Portfolio construction**
• Global macro analysis • Central bank policy • Credit outlook • Rates outlook • Global relative value analysis • Performance review • Upcoming events • Hedging strategies	• Credit duration • Interest rate duration • Yield curve position • Sector weightings • Geographical weightings	• Idea generation / meeting borrowers • Credit approval & monitoring • Portfolio guidelines • Use of ‘Observatory’ & ‘Pathfinder’ • ESG factors • Relative value • Risk controls • Liquidity
Determines key risk metrics and sector allocations for each portfolio	*Validation of decisions made in the monthly investment committee*	*Bottom-up security selection with unanimous approval process*
All investment professionals & risk	**Asset allocation committee**	**Portfolio management teams**

TwentyFour ASSET MANAGEMENT

TwentyFour portfolio management team

Asset Backed Securities | Multi-Sector Bond | Outcome Driven

Multi-Sector Bond investment process

Top down

Asset Allocation Committee

Implementation

- Gary Kirk
- Eoin Walsh
- Mark Holman
- Felipe Villarroel

Security selection

David Norris
- 34 years' experience
- Head of US Credit, TMT, Industrials

Gary Kirk
- 33 years' experience
- Insurance, Non Financial Corps

John Lawler
- 33 years' experience
- European ABS

Mark Holman
- 32 years' experience
- Global Banks

Eoin Walsh
- 24 years' experience
- Global Banks

Paul Kim
- 21 years' experience
- Oil, Gas, Utilities, Healthcare

Aza Teeuwen
- 14 years' experience
- European CLO

Felipe Villarroel
- 14 years' experience
- LATAM Corps

Doug Charleston
- 15 years' experience
- European ABS

Gordon Shannon
- 14 years' experience
- Corporate Hybrids

Pierre Beniguel
- 11 years' experience
- European Corps

George Curtis
- 9 years' experience
- European Corps

Optimisation & execution

Scott Crichton
- 41 years' experience

Charlene Malik
- 9 years' experience

Dillon Lancaster
- 3 years' experience

Asset Allocation Committee

Mark Holman
Multi-Sector Bond PM
32 years' experience

Gary Kirk
Multi-Sector Bond PM
33 years' experience

Gordon Shannon
Outcome Driven PM
14 years' experience

Felipe Villarroel
Multi-Sector Bond PM
14 years' experience

David Norris
Multi-Sector Bond PM
34 years' experience

Chris Bowie
Outcome Driven PM
29 years' experience

Eoin Walsh
Multi-Sector Bond PM
24 years' experience

Rob Ford
ABS PM
35 years' experience

Ben Hayward
ABS PM
23 years' experience

Graeme Anderson
Chairman & Outcome Driven PM
35 years' experience

Nimble and flexible ensuring themes and ideas can be swiftly reflected in portfolios

ESG investment process and beliefs

- We believe ESG factors can have a material impact on the future performance of credit assets
- We know that regulatory initiatives are pushing asset owners into more sustainable strategies
- We expect that significant capital will flow into companies that are seen as running sustainable businesses
- We estimate that there will be periods of outperformance and underperformance of sustainable strategies versus other strategies
- We recognise that not every client will want their capital to be managed on a sustainable basis, but ESG integration can still benefit risk-adjusted returns

Source: TwentyFour

TwentyFour's ESG journey

Q1 2018

Barclays 2017 Equity Gilt Study released

The Study opened our eyes to the potential performance impact of ESG.

E Lightly, but positively, correlated to future performance.

S Correlation not yet proven.

G Strongly and positively correlated to future performance.

Board Paper

Established 15-person ESG Steering Group
Led by our Chairman. All areas of the firm were represented to help forge the best way forward.

Purchased Asset4 DB

ESG Integration

Convinced, we updated our investment process to formally integrate ESG factors into our decision-making.

Built ESG module in Observatory
Designed our own unique ESG scoring model, using data inputs from Refinitiv Asset4 and our own PMs. Those insights and data were then built into our extensive *Observatory* database.

Add ESG scores for companies not in Asset4

Back-test sustainable version of STB Strategy

Q1 2020

Launched first sustainable mandate

Taking our Short Term Bond strategy to the next level with ESG and Sustainability data factored directly in.

Q3 2020

Launched sustainable ABS fund

Applying specific ESG minimum scoring criteria

Past performance is not a reliable indicator of future performance.
Source: TwentyFour
March 2021

The importance of integration

More accuracy

Integration simply means we consider ESG factors as part of our relative value decision alongside traditional methods of credit analysis, such as rating, leverage and competitive position.

Total inclusion

We do not have a separate ESG team – that is not the 24 way. Every portfolio manager has to integrate ESG factors into their stock decisions and ESG implementation is a formal appraisal objective.

Formalised assessment

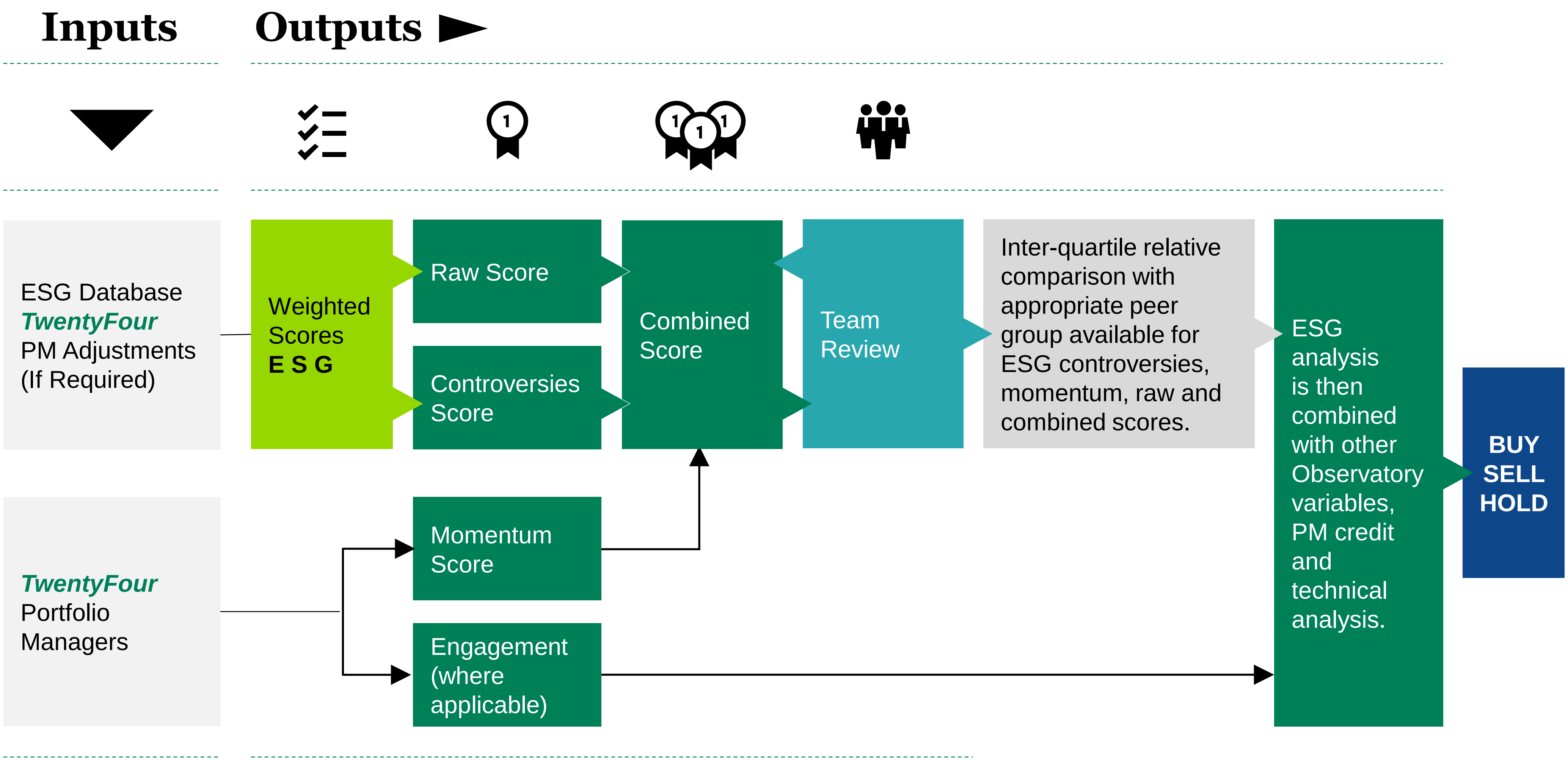
By formalising our views on Environmental, Social and Governance factors, we're able to integrate those views into our assessment of relative value. From there we determine the yield we would require from that potential investment. If the company looks risky on ESG factors, that would require a higher yield.

Flexibility remains

For existing mandates, can we still buy bonds from companies that score poorly on ESG? Yes – but we would need to see a much higher yield to compensate for those additional risks.

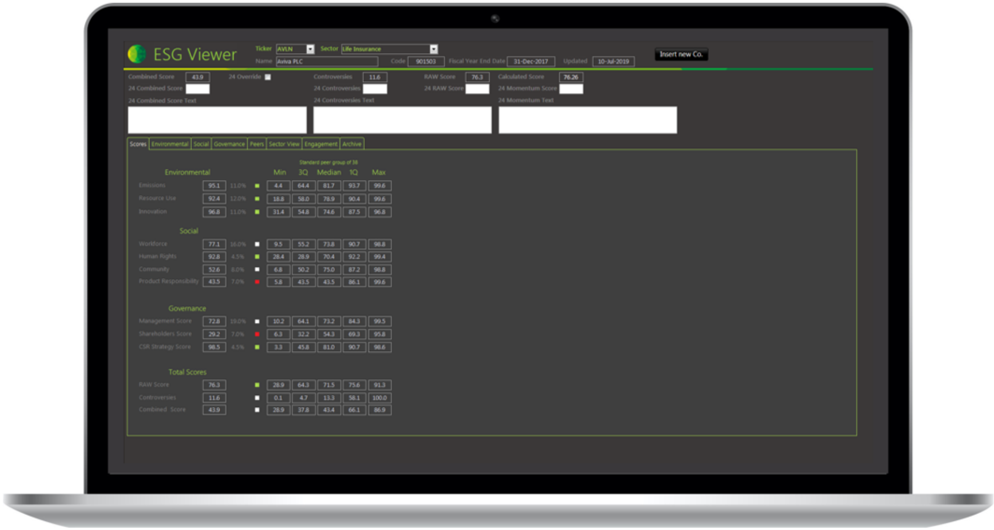
Source: TwentyFour

How we score companies for maximum effectiveness



Source: TwentyFour

Integrating ESG into our Observatory System



- Downloads raw scores from our ESG Database Provider
- Can be overwritten with 24s own views including on company's own ESG 'momentum'
- Directly links to company write-ups and engagement where applicable

- The system then allows us to rank various factors in an industry relative context
- ESG scores can be combined with other technical analysis to create a view on credit worthiness
- Final trade decision can then be made on relative value

eSure Group is used for illustrative purposes only and should not be seen as investment advice or a personal recommendation to hold the same or similar. No assumption should be made as to the profitability or performance of eSure Group or any security associated with them.
Source: TwentyFour

TwentyFour ASSET MANAGEMENT

TwentyFour industry recognition

INVESTMENT WEEK SPECIALIST INVESTMENT AWARDS 2019 WINNER Specialist Management Group of the Year

2019

INVESTMENT WEEK FUND MANAGER OF THE YEAR AWARDS WINNER Judges' Fixed Income

fn Winner Financial News Asset Management Awards Europe 2019 Boutique Manager of the Year: Fixed Income

LIPPER FUND AWARDS FROM REFINITIV 2019 WINNER UNITED KINGDOM BEST FUND OVER 3 YEARS ABSOLUTE RETURN GBP LOW

PORTFOLIO ADVISER FUND AWARDS '19 PLATINUM UNCONSTRAINED FIXED INCOME LAST WORD

2019 GlobalCapital European Securitization Awards

funds europe awards WINNER 2019

INVESTMENT WEEK SPECIALIST INVESTMENT AWARDS 2018 WINNER Specialist Fixed Income

CAMRADATA AWARDS WINNER 2019 MSFI Absolute Return (GBP)

PORTFOLIO ADVISER FUND AWARDS '18 PLATINUM UNCONSTRAINED FIXED INCOME LAST WORD

INVESTMENT WEEK SPECIALIST INVESTMENT AWARDS 2017 WINNER Absolute Return Bond

INVESTMENT WEEK 2018 FUND MANAGER OF THE YEAR AWARDS WINNER SPECIALIST GROUP OF THE YEAR

chief investment officer 2016 Innovation Awards Winner ASSET MANAGEMENT/SERVICING Fixed Income

ELITE RATED by FundCalibre.com™

INVESTMENT WEEK SPECIALIST INVESTMENT AWARDS 2016 WINNER Specialist Fixed Income Group of the Year

Pensions expert PENSION AND INVESTMENT PROVIDER AWARDS 2016 Winner GLOBAL MULTI-ASSET CREDIT TwentyFour Asset Management

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TwentyFour's indices glossary

Any index comparison is provided for informational purposes only and should not be used as the basis for making an investment decision. There are significant differences between client portfolios and the indices referenced including, but not limited to, risk profile, liquidity, volatility and asset composition. Please note, indices are not actively managed and it is not possible to invest directly into them.

Definitions:

ICE BofAML Global Bond Index – combines the ICE BofAML Global Broad Market Index with the ICE High Yield Index.

ICE BofAML Global Broad Market Index - tracks the performance of investment grade debt publicly issued in the major domestic and eurobond markets, including sovereign, quasi-government, corporate, securitized and collateralized securities.

ICE BofAML High Yield Index - tracks the performance of USD, CAD, GBP and EUR denominated below investment grade corporate debt publicly issued in the major domestic or eurobond markets.

ICE BofAML Global Corporate Index - tracks the performance of investment grade corporate debt publicly issued in the major domestic and eurobond markets. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date and a fixed coupon schedule.

ICE BofAML Sterling High Yield Index - tracks the performance of sterling denominated below investment grade, but not in default, corporate debt publicly issued in the UK domestic or eurobond markets and includes issues with a credit rating of BBB or below, as rated by Moody's, S&P and Fitch.

ICE BofAML Euro High Yield Index - tracks the performance of euro denominated below investment grade, but not in default, corporate debt publicly issued in the euro domestic or eurobond markets and includes issues with a credit rating of BBB or below, as rated by Moody's, S&P and Fitch.

ICE BofAML US High Yield Index - tracks the performance of US dollar denominated below investment grade, but not in default, corporate debt publicly issued in the US domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's, S&P & Fitch.

ICE BofAML US Investment Grade Corporate Bond Index - incorporates investment grade, US dollar- denominated, fixed-rate, taxable corporate bonds. It includes USD denominated, publicly issued securities by US and non US issuers. Issuers included industrial, financial and utility entities.

ICE BofAML Euro Investment Grade Corporate Bond Index - incorporates investment grade, euro- denominated, fixed-rate, taxable corporate bonds. It includes euro denominated, publicly issued securities by European and non European issuers. Issuers included industrial, financial and utility entities.

ICE BofAML UK Investment Grade Corporate Bond Index - incorporates investment grade, sterling- denominated, fixed-rate, taxable corporate bonds. It includes sterling denominated, publicly issued securities by UK and non UK issuers. Issuers included industrial, financial and utility entities.

ICE BofAML Contingent Convertibles (CoCo) Banking Total Return Index - provides a broad representation of the developed and emerging market bank CoCo issuance in GBP, EUR and USD. The Index tracks the performance and emergent issuance of Basel III compliant Additional Tier 1 (AT1) CoCos by banks.

ICE BofAML Euro Subordinated Financial Index – made up of 50% euro subordinated financials and 50% euro subordinated non-financials.

ICE BofAML Emerging Markets Corporate Bond Index - tracks the performance of US dollar-denominated emerging markets government debt publicly issued in the US domestic market.

Source: ICE Indices

TwentyFour's indices glossary

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Definitions:

FTSE 100 Index - a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange which pass screening for size, liquidity and free-float criteria. The equities use an investibility weighting in the index calculation. The index was developed with a base level of 1000 as of December 30, 1983.

- Further details regarding the Benchmark Index (including its constituents) are available on the index provider's website at http://www.ftse.com/Indices/.

S&P 500 Index - widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. It measures the performance of 500 stocks from top US companies in leading industries of the US economy which comply with S&P's size, liquidity and free-float criteria and captures approximately 80% coverage of available market capitalization. The Index is free-float market capitalization weighted and rebalances on a quarterly basis (or more frequently if required).

- Further details regarding the Benchmark Index (including its constituents) are available on the index provider's website at http://supplemental.spindices.com/supplemental-data/eu.

US Generic Govt 10 Year Yield - The rates are comprised of Generic United States on-the-run government bill/note/bond indices. Yields are yield to maturity and pre-tax. These yields are based on the ask side of the market and are updated intraday.

German Government Bonds (Bunds) 10 Yr - The rates are comprised of Generic German government bonds. These yields are based on the bid side of the market.

Euro Interbank Offered Rate (Euribor) - rates are based on the average interest rates at which a large panel of European banks borrow funds from one another. There are different maturities, ranging from one week to one year.

London Inter-bank Offered Rate (Libor) - the average interest rate at which a selection of banks in London are prepared to lend to one another in British pounds. There are different maturities, ranging from overnight to one year.

Source: Bloomberg, FTSE, S&P Dow Jones Indices LLC

Important information

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