TwentyFour
a boutique of Vontobel

Fund Commentary | 31 July 2025

MI TwentyFour Investment Funds - Monument Bond Fund

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Market Commentary

- **Summary:** As markets entered the summer recess, European structured finance products continued to perform well, supported by the strength of general credit markets and the demand technical across asset-backed security (ABS) products. Despite further noise around global trade relations, spreads continued on a tightening bias, which was partially dulled in the collateralised loan obligation (CLO) market by a significant level of supply. It is worth reiterating the health of primary markets: ABS and CLO year-to-date issuance has reached €92bn and is set to surpass 2024's total, which was a post-global financial crisis record. Secondary markets were unseasonably active, as fast money accounts looked to clip profits in mezzanine ABS positions, where BB European ABS cleared at 2.8% over Euribor. CLO activity has also been impressive, particularly in the equity segment following strong sets of distributions, and demand has been strong in response.

- **ABS:** Although concentrated in the first half of the month, the market saw €15.8bn of supply in July, which was concentrated in UK residential mortgage-backed security (RMBS) and automotive transactions. The ABS demand technical persisted and spreads continued to tighten, intensified by the lighter primary pipeline. BBB new issue spreads hit the tightest levels in the year to date, as BNP printed its French consumer BBB bonds at 1.4% over Euribor. The trend was also seen in Australia, where an RMBS transaction from La Trobe attracted significant investor attention, with coverage of over five times on the senior notes. It is worth flagging the positive momentum in the commercial mortgage-backed security (CMBS) market, as July welcomed multiple new issues. While collateral for new issue CMBS has remained focused in the logistics space, the reception from market participants has been strong, with AAA spreads at 1.25% over Euribor, as deals were well subscribed. Primary markets are likely to remain subdued in the first weeks of August and the spread bias is expected to continue.

- **CLO:** During July, global CLO markets welcomed significant supply. In the European CLO market, there was €14bn of new issuance (including almost €8bn of refinancing/reset), and the pipeline looks active into August. The same has been seen in the US, which absorbed $48bn of supply (including $27bn of refinancing/reset). During the month, there was a degree of softness in European BBs, with spreads widening by 10 basis points on the month, driven by the number of deals in marketing. On a relative basis, European mezzanine spreads offered a pickup to the US, and there was a surge in participation from US accounts in the European CLO market. Given this, and the need for European accounts to reinvest a significant level of refinancing, spreads are expected to be firm into the summer. The European loan market saw muted price action over the month, on an aggregate basis, although the range continued to increase due to trade tensions and macroeconomic conditions.

Portfolio Commentary

- July was a relatively active month for the Fund, as the portfolio management team deployed strong flows.

- In the CLO market, the team continued to add BBB CLOs in the primary market, at spreads of 3.0-3.2% over Euribor. In the ABS market, the team made rotations in UK RMBS, selling shorter prime bonds at 0.44% over SONIA and picking up new issue posi-tions at 0.5% over SONIA. Outside the UK, the portfolio managers continued to add shorter mezzanine bonds from consumer transactions, including AA rated Italian automotive loans at 0.9% over Euribor.

- The Fund's positioning remains relatively liquid because of ongoing trade and geopolitical risk.

Market Outlook and Strategy

The portfolio managers expect activity to pick up later in August, as issuers ramp up for a busy post-summer pipeline. The team is constructive on European and UK fundamentals and view consumers and corporates as generally well positioned. However, they are cautious on vulnerable borrowers and newer lenders, where collateral could underperform as economic data weakens, particularly the slow degradation of the labour market. Currently, the team sees the best value in AAA bank-issued ABS and RMBS, along with AAA, BBB and BB European CLOs, with the summer pipeline likely to create attractive opportunities. The technical remains healthy in the ABS market and is likely to intensify, given proposed regulatory changes to capital charges. While risk sentiment in global markets was strong during July, data points are likely to continue to weaken and trade tensions are expected to persist. As such, the portfolio managers continue to favour established lenders with strong collateral performance and expect volatility in all financial markets to remain elevated for a longer period. While risks are skewed to the downside and spread upside is more limited, the high carry provided by ABS and CLOs should continue to be the main driver of returns and provide protection from mark-to-market volatility.

					Annualised			
Cumulative Performance	1m	3m	6m	1y	3y	5y	10y	Since Inception*
I Gross Acc Shares	0.55%	2.14%	2.72%	6.02%	7.41%	4.44%	3.25%	3.68%
SONIA	0.36%	1.07%	2.18%	4.70%	4.50%	2.78%	1.61%	1.18%

Discrete Performance	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
I Gross Acc Shares	3.40%	7.88%	10.20%	-2.63%	1.91%	0.47%	3.07%	-0.01%	5.30%	4.46%	-1.89%
SONIA	2.59%	5.20%	4.71%	1.41%	0.05%	0.19%	0.71%	0.56%	0.25%	0.36%	0.46%

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 10/08/2009. SONIA used as a proxy for cash as a performance reference for illustration purposes only, there is no specific return objective or benchmark for the fund.

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
- The structure of ABS/MBS and the pools backing them might not be transparent which exposes the Fund to additional credit and prepayment risks (extension or contraction risks) depending on which tranche of ABS/ MBS is purchased by the Fund
- 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. 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 www.twentyfouram.com/responsible-investment

Further Information and Literature:
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Further information on fund charges, costs and other important information pertaining to the fund can be found in English and free of charge on the fund pages of our website and/or in the relevant offering documents available at www.twentyfouram.com/document-library and/or www.fundrock.com/mi-funds/twentyfour-asset-management/

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If you invest indirectly through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially. In making any investment into the Fund, investors should rely on the Prospectus and Key Investor Information Document (KIID) provided by the Authorised Corporate Director (ACD) of MI TwentyFour Investment Funds, and not the summary set out in this document. The Prospectus and KIID are also available from Apex Fundrock Ltd ("Apex"), Hamilton Centre, Rodney Way, Chelmsford, Essex, CM1 3BY. For definitions of the investment terminology used within this document please see glossary at: https://twentyfouram.com/glossary. TwentyFour Asset Management LLP is able to assist those institutional clients who require it with meeting their Solvency II (including its UK onboarding and onshoring legislation) obligations. In particular, TwentyFour Asset Management LLP will make all reasonable endeavours to comply with the Solvency II Regulations 2015 Article 256.

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 and redeemed, 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. Neither the fund, nor TwentyFour Asset Management LLP nor Apex make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of an assessment of ESG research and the correct execution of the ESG strategy. As investors may have different views regarding what constitutes sustainable investing or a sustainable investment, the funds may invest in issuers that do not reflect the beliefs and values of any specific investor. Please contact the Compliance Department at compliance@twentyfouram.com for more information.