TwentyFour
a boutique of Vontobel

# MI TwentyFour Investment Funds - Monument Bond Fund

This Commentary is a marketing communication for professional UK investors only

## Fund Commentary | 31 July 2026

### Market Commentary

- **Summary:** European securitised products performed well in July. Asset-backed securities (ABS) markets saw a final wave of supply ahead of the summer recess, while collateralised loan obligation (CLO) volumes remained well supported by the reset market. Supply was elevated, with €19bn of new ABS issuance bringing the year-to-date total to approximately €111bn. This was complemented by €9.3bn of CLO resets and refinancings. Bids wanted in competition (BWIC) volumes were healthy as accounts sought to rotate into primary opportunities. CLO trading activity was supported by significant high yield BWIC volumes, with spreads generally remaining firm despite increasing dispersion among higher beta profiles. ABS secondary volumes were also elevated as investors rotated into primary transactions. Senior ABS spreads exhibited a modest widening bias in response to supply, with UK Prime residential mortgage-backed securities (RMBS) widening by 2-3 basis points (bp). Mezzanine supply remains anchored, with B-rated consumer bonds trading with spreads of Euribor+380-420bp.
- **ABS:** During July, the market saw €13bn of supply, diversified across both asset classes and jurisdictions. We continue to see value in senior tranches, particularly within UK AAA RMBS. Together returned to the market for its second first-lien mortgage transaction of the year, placing AAA bonds at sterling overnight index average (SONIA) +0.9%. The strength of mezzanine demand was again evident, with the AA tranche pricing just 15bp wider at SONIA+1.05%. Issuance from non-core segments also continued, with PayPal placing a debut consumer ABS transaction that attracted subscriptions of 2-7x across the capital structure. We expect limited primary supply over the summer, which should provide support for senior spreads, although the visible pipeline remains healthy heading into September.
- **CLOs:** During July, the reset and refinancing market supported global CLO issuance volumes as 2024-vintage transactions continued to exit their non-call periods. Issuance across new issues, resets and refinancings reached €15bn during the month. Of this, €5.8bn came from new issue supply; however, given current loan market dynamics, reset volumes continue to dominate. The US market was more active on the refinancing side, recording $31bn of resets and refinancings alongside $11bn of new issuance. We continue to see elevated tiering across both jurisdictions, which is welcome given the growing dispersion in collateral performance. July distributions for CLO equity were weaker, reflecting ongoing compression in loan spreads. Given the current arbitrage environment and the CLO market's significant share of demand for European loans, asset spread levels should see resistance from here.

### Portfolio Commentary

July was a very active month for the Fund, as the portfolio managers (PMs) deployed steady inflows. In the CLO market, the team continued to add BBBs at Euribor+3%, which continues to offer a premium against other areas of the securitised market. The PMs also added AAA CLOs at Euribor+1.25%. In the ABS market, the focus remained on rotations, reducing exposure to AA rated consumer ABS at a spread of Euribor+1.1%. The team used the proceeds to add UK AAA commercial mortgage-backed securities (CMBS) at SONIA+1.35% and Australian AAA RMBS at bank bill swap rate (BBSW)+1-1.1%.

### Market Outlook and Strategy

European securitised markets remained resilient in July despite volatile geopolitical headlines and reflationary pressures. CLO issuance should continue through the summer, while we expect the usual respite in ABS issuance before a busy September. Collateral performance has been broadly resilient to date; however, the capacity to absorb further macroeconomic pressure is becoming more limited. To this extent, we continue to favour secured assets from well-established lenders with proven track records through the cycle. We expect the tiering in performance to increase further, especially in the CLO market.

| Cumulative Performance | 1m | 3m | 6m | 1y | Annualised 3y | 5y | 10y | Since Inception* |
|---|---|---|---|---|---|---|---|---|
| I Gross Acc Shares | 0.36% | 1.34% | 2.14% | 4.93% | 6.59% | 4.74% | 3.76% | 3.75% |
| SONIA | 0.32% | 0.94% | 1.87% | 3.90% | 4.65% | 3.56% | 1.95% | 1.34% |

| Discrete Performance | YTD | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| I Gross Acc Shares | 2.77% | 5.56% | 7.88% | 10.20% | -2.63% | 1.91% | 0.47% | 3.07% | -0.01% | 5.30% | 4.46% |
| SONIA | 2.19% | 4.31% | 5.20% | 4.71% | 1.41% | 0.05% | 0.19% | 0.71% | 0.56% | 0.25% | 0.36% |

**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

## Important information

**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-llp/**

THIS COMMENTARY IS FOR FINANCIAL ADVISERS AND INSTITUTIONAL/PROFESSIONAL INVESTORS ONLY. NO OTHER PERSONS SHOULD RELY ON THE INFORMATION CONTAINED WITHIN THIS DOCUMENT. No recommendations to buy or sell investments are implied. The fund average rating is a weighted average calculation based on each bond's rating according to the fund's rating methodology. When calculating average credit rating, for non-rated bonds an internal rating is applied.

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.

TwentyFour Asset Management LLP is a Limited Liability Partnership incorporated in England under Partnership No. OC335015 with its registered office at 4th Floor, 20 Fenchurch Street, London, EC3M 3BY and is authorised and regulated in the UK by the Financial Conduct Authority, FRN No. 481888. Calls may be recorded for training and monitoring purposes. 

**Further Information and Literature:** TwentyFour Asset Management LLP
T. +44 (0)20 7015 8900 E. sales@twentyfouram.com W. twentyfouram.com

TwentyFour
a boutique of Vontobel