TwentyFour
a boutique of Vontobel

TwentyFour Enhanced Income ABS Fund

This Commentary is a marketing communication for professional UK investors only

Fund Commentary | 28 November 2025

Market Commentary

- **Summary:** Despite an unsettled start, November proved to be a positive month for credit markets, as talks surrounding a Ukraine peace agreement and the balanced reception of the UK Budget supported sentiment. The European asset-backed security (ABS) market recorded €12bn of new issuance, complimented by €9bn of collateralised loan obligation (CLO) refinancing. This brought the year-to-date new issuance total to €153bn – a post-Global Financial Crisis record and net market size growth of €72bn. Secondary supply was moderately higher month on month, as investors looked at rotations into primary ABS transactions. Generally, demand for mezzanine tranches continued to outpace supply, which facilitated a secondary tightening of 10 basis points (bp) during the month. In the CLO market, supply was more limited, and despite a tightening bias across tranches, tiering has become more prominent between platforms, as the loan market has continued to price in elevated idiosyncratic events.
- **ABS:** Although volumes were seasonably lower in November, there was a healthy and notably diverse level of issuance in ABS markets during the month. A number of Spanish re-performing mortgage transactions were printed during the month, with pricing evidencing a clear tiering of collateral quality, of up to 15bp on the senior tranche, although healthy coverage signalled support for the segment. At the tighter end, a large transaction backed by Santander mortgages printed at Euribor +95bp. In line with most of this year, issuance volumes backed by automotive and consumer collateral were significant, although they remained well digested by market participants. Notably, there was the first public placement of mezzanine tranches from the CaixaBank consumer platform. This was well received by investors, with the single-B tranche pricing at Euribor +4.65%, 50bp inside of initial guidance. Sparse issuance is anticipated into the end of this year and a busy start to 2026 is expected.
- **CLO:** November was a dynamic month for CLO markets. The pace of supply across global CLO markets continued, especially resets from Europe. In the European CLO market, €12bn of new issuance was recorded, including €8.5bn of refinancing and resets. European CLO issuance so far in 2025 has reached a record high of €117bn, including €62bn of refinancings and resets, topping the previous record set in 2021. Similarly, US markets absorbed $42bn of supply, with $22bn attributed to refinancing and resets. Spread momentum was positive in the market, particularly for European BB bonds, which allowed new issue spreads to rally by 20bp to Euribor +5.3% by the end of the month. Primary spreads for AAAs were firm at 130bps, and there appears to be space for a rally given expected regulatory changes. The theme of bifurcation has continued in the loan market, where although median equity net asset values (NAVs) have improved in Europe, the share of credit trading below 80%, for example, has been stable, highlighting the tail risk that exists. Leveraged loans ended the month up 0.4 points in Europe.

Portfolio Commentary

- November was a relatively active month for the Fund. In the CLO market, the portfolio management team continued to add BBs at spreads of 5.9% over Euribor, which looked attractive on an historical basis. In the ABS market, the portfolio management team focused on rotations, especially in shorter positions where credit curves have compressed. The team used the proceeds to add mezzanine UK residential mortgage-backed securities (RMBS), including BBB rated bonds at SONIA +1.9%. With ongoing fiscal uncertainties and a growing opportunity set, the portfolio managers (PMs) favour liquidity and high-quality income from secured assets.

Market Outlook and Strategy

As the end of the year approaches, new issue supply is expected to pause, leaving the supply-demand technical in place. The PMs are positive about UK and European consumers and large corporates. However, they remain cautious about smaller or newer lenders and those that focus on lower-income borrowers, as collateral could underperform amid weakening economic data and continuing fiscal pressures. The PMs expect a very busy start to 2026 as lenders increase the use of securitisation for funding and capital purposes. In investment grade, the team continues to see the best value in AAA and BBB CLOs. In the high yield market, pockets of value remain in the BB CLO market, but credit curves have compressed, particularly in the consumer ABS market. With no obvious catalyst for volatility into the end of the year, given that the UK Budget is now in the rear-view mirror, healthy carry should support securitised products into 2026.

Cumulative Performance	1m	3m	6m	1y	Annualised 3y	5y	10y	Since Inception*
Class A GBP	0.58%	1.37%	3.63%	7.59%	11.35%	6.79%	N/A	6.76%
SONIA	0.33%	0.99%	2.06%	4.38%	4.72%	3.05%	N/A	2.89%

Discrete Performance	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Class A GBP	6.79%	11.53%	14.27%	-2.11%	3.59%	N/A	N/A	N/A	N/A	N/A	N/A
SONIA	3.96%	5.20%	4.71%	1.41%	0.05%	N/A	N/A	N/A	N/A	N/A	N/A

Past performance is not a reliable indicator of future performance. Based on the A Inc GBP share class from inception on 20 August 2020 before switching to A Acc GBP share class following its inception on 2 November 2020. Switch in reporting share class was made for ease of reporting. 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 20/08/2020. 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
- Typically, sub-investment grade securities will have a higher risk of default, and are generally considered to be more illiquid than investment grade securities
- 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

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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 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.

The average credit quality (ACQ) is provided to indicate the average credit rating of the portfolio's underlying investments' rating and may change over time. The portfolio itself has not been rated by an independent rating agency and is provided for informational purposes only.

TwentyFour 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 will make all reasonable endeavours to comply with the Solvency II Regulations 2015 Article 256. Neither the fund nor TwentyFour Asset Management LLP 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.

The Fund's Alternative Investment Manager ("AIFM") is Waystone Management Company (IE) Limited, which is authorised in Ireland and regulated by the Central Bank of Ireland.

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