TwentyFour
a boutique of Vontobel

TwentyFour Enhanced Income ABS Fund

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Fund Commentary | 30 June 2026

Market Commentary

- **Summary:** European securitised products performed strongly in June with minimal spread volatility despite geopolitical tensions from the US-Iran conflict. The Global Asset-Backed Securities (ABS) conference in Barcelona, celebrating its 30th anniversary, drew record attendance, and the message was clear: technicals are strong, fund inflows remain healthy, and demand for floating-rate paper is robust. Supply was elevated, with €16bn of new ABS supply bringing the first half year-to-date (H1 YTD) total to around €92bn, more than 20% ahead of H1 2025, complemented by €28bn in collateralised loan obligation (CLO) resets. Supply was met by significant demand, with most transactions showing a high level of oversubscriptions. Consumer ABS and residential mortgage-backed securities (RMBS) spreads have largely retraced to YTD tights, except for some senior UK paper like buy-to-let (BTL) RMBS, as demand was skewed towards European assets. CLO spreads are back to February levels but remain 20–40 basis points (bp) wide of January tights at BBB and BB levels. Secondary activity was similar to the previous month, with ABS supply mostly concentrated at AAA level, while in CLOs a pick-up in single-B and equity bids wanted in competition (BWICs) was noted.
- **ABS:** During June, the market saw €10bn of supply, which was diversified across both asset classes and jurisdictions. The demand for technicals persisted in ABS, and spreads continued to tighten, particularly in mezzanine tranches. For example, BBB rated tranches in two European new issue consumer transactions from Italy and France both printed around 40bp tighter than initial guidance at Euribor+1.3% and 1.35%. We continue to see more value at AAA level with UK BTL New issue RMBS coming at 0.86% over Sonia, around 10bp wider than YTD tights. June also saw three commercial mortgage-backed securities (CMBS) transactions coming to market, mostly backed by logistics portfolios. AAA tranches priced with a 1.35% margin, which makes it attractive, particularly with BBB European consumer ABS coming at similar spreads.
- **CLOs**: During June, CLO technicals remained strong, supporting issuance and tightening spreads. Issuance across new issues, resets, and refinancings rose to €13.06bn in June. Of this, €5.8bn came from new-issue supply across 14 broadly syndicated loan (BSL) deals. That makes the H1 new issuance volume in Europe €31bn, marginally ahead of 2025's record pace. The US market was more active on the refinancing side with $19.8bn of Resets in June and $6.5bn of new issues. Demand was strong for investment grade (IG) tranches, while more dispersion remains at the sub-IG level with BB EU CLO printing at 5-6% over the risk-free rate. EU AAA CLO exchange-traded funds (ETFs) have seen net inflows of over a billion this month, with two new funds launched supporting the continued attractiveness of AAA CLOs.

  On the loan side, the market was active in June but mostly dominated by repricings and refinancings, which are compressing spreads and making the CLO arbitrage more challenging. Although over 50% of CLO collateral is now trading above par, focus remains on cyclical sectors impacted by inflationary pressures.

Portfolio Commentary

June was an active month for the Fund. In the CLO market, the focus remained on BB and AAA tranches, adding at Euribor+5.35% and 1.27%, respectively. In the ABS market, the team added UK AAA CMBS at Sonia+1.35% and Australian AAA RMBS at BBSW+108bp alongside mezzanine positions in UK and Australian RMBS deals. This was done by rotating out of mezzanine European consumer tranches that have materially compressed throughout the year.

Market Outlook and Strategy

Despite lingering geopolitical uncertainty, the ABS market remains technically well-supported and, following the tone set at Global ABS, we expect a busy second half of the year. The European Central Bank (ECB) raised its deposit facility rate by 25bp to 2.25% in June, and a higher-for-longer rate environment continues to keep floating-rate ABS highly attractive. Institutional demand is growing, particularly from insurers positioning ahead of upcoming regulatory change, and the expanding universe of issuers and structures gives us more opportunity to find value across the credit spectrum.

RMBS and consumer ABS performance has been broadly resilient throughout the period of geopolitical stress. That said, the managers remain cautious about the combination of higher rates, elevated inflation and slowing growth, which they expect to increasingly pressure lower-income borrowers in the unsecured space. The team continue to favour secured transactions from well-established lenders with strong track records through the cycle.

In terms of positioning, the team currently sees best value in AAA RMBS and ABS, and in AAA and BBB/BB CLOs, where risk-adjusted returns remain very attractive, and spreads continue to lag YTD tights. The technical tailwind is real, and we remain constructive on the long-term trajectory of the asset class.

Cumulative Performance	1m	3m	6m	1y	Annualised 3y	5y	10y	Since Inception*
Class A GBP	0.52%	2.47%	2.84%	6.44%	9.41%	6.88%	N/A	6.69%
SONIA	0.31%	0.93%	1.87%	3.94%	4.68%	3.49%	N/A	2.98%

Discrete Performance	YTD	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Class A GBP	2.84%	7.44%	11.53%	14.27%	-2.11%	3.59%	N/A	N/A	N/A	N/A	N/A
SONIA	1.87%	4.31%	5.20%	4.71%	1.41%	0.05%	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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