TwentyFour
a boutique of Vontobel

Fund Commentary | 30 May 2025

MI TwentyFour Investment Funds - Dynamic Bond Fund

This Commentary is a marketing communication for professional UK investors only

Market Commentary

- May was a strong month for risk assets as resilient economic data and positive news around tariffs prompted investors to price out the likelihood of a global economic downturn. In equities, this unwound most of the market moves seen in the immediate aftermath of US President Donald Trump's 'Liberation Day' announcements in early April. The S&P 500 Index posted its biggest gain in over a year (+6.3% over the month), while credit spreads also tightened materially.

- However, government bond performance, particularly US Treasuries, suffered as fears about the US fiscal position mounted. This was compounded when Moody's Ratings stripped the US of its last AAA rating, citing increased credit risk due to years of high budget deficits and little prospect of improvement. As expected, US Treasury yields trended higher in the days following Moody's announcement, with the 30-year yield reaching an intraday peak of 5.15%, while risk assets were largely unaffected. The main drivers of US Treasuries in the coming months will likely be the opposing forces of a potentially higher fiscal deficit and an economy that is decelerating more quickly than expected at the beginning of this year due to tariffs. The added complication is that the latter might cause inflation to accelerate, at least in the short term, which means that volatility in rates is likely to continue.

- Positive developments on tariffs throughout the month also resulted in heightened primary market activity, with issuers deciding to launch deals at a time when volatility was subdued and a 'risk-on' sentiment dominated. Following in a similar vein to previous months, deals were typically many times oversubscribed, with investors looking to deploy spare cash amid continued strong inflows across high yield and investment grade corporates as well as financials. European banks enjoyed another solid quarterly reporting season, with executives confirming improved metrics and bullish full-year targets despite the macroeconomic uncertainty.

Portfolio Commentary

- The portfolio managers (PMs) made several changes during the month as they responded quickly to the shifting macroeconomic landscape. The team reduced the Fund's Additional Tier 1 (AT1) exposure, taking advantage of the significant spread tightening that had taken place across subordinated bank debt. To offset this, the PMs increased the allocation to higher-quality European high yield and US and European investment grade debt.

- The Fund was well positioned to navigate the market uncertainty, posting a positive total return in May. The risk-on sentiment, which was driven by the positive tariff developments, meant that corporate bonds performed strongly, with collateralised loan obligations and bank AT1s the biggest contributors to the Fund's performance. Government bonds, through both German Bunds and US Treasuries, were the only negative contributors, as growing fears about the US fiscal position led to a mid-month sell-off in the latter.

Market Outlook and Strategy

- Market sentiment improved significantly in May given the positive tariff developments. This will likely continue to be at the forefront of investors' minds in the coming months, especially as the tariff reprieves for Europe and China come to an end later in the summer. Fixed income performance in the near term will continue to be dictated by a combination of economic data and central bank rhetoric. Investors will keep a close eye on how US economic growth trends for the remainder of the second quarter and into the third quarter. Provided that trade deals are eventually negotiated and tariffs end up in the region of 10-12%, it looks like economies could be moving towards a scenario that might have similarities with the one expected at the beginning of this year. This is one where strong corporate and consumer fundamentals keep default rates in check in the context of a global economy that is only slowly decelerating, led by the US.

					Annualised			
Cumulative Performance	1m	3m	6m	1y	3y	5y	10y	Since Inception*
Class I Acc (Gross)	0.85%	0.11%	2.04%	7.75%	4.87%	3.61%	3.41%	5.22%
ICE BoAML Global Broad Market	-0.44%	-0.02%	0.66%	5.36%	1.26%	-0.97%	1.05%	2.25%

Discrete Performance	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Class I Acc (Gross)	2.23%	9.10%	9.61%	-13.26%	2.13%	6.55%	9.43%	-2.42%	8.89%	5.44%	3.60%
ICE BoAML Global Broad Market	1.86%	2.02%	5.67%	-13.46%	-1.73%	5.30%	6.49%	0.02%	1.97%	3.64%	1.37%

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 26/04/2010. ICE Global Broad Market Index has been chosen as a proxy for the fixed income market overall and is used as reference index for illustration purposes only, there is no fund benchmark. Please see Important Information slides for further information on the index.

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
- Derivatives entail risks relating to liquidity, leverage and credit fluctuations, illiquidity and volatility
- Interest rates may vary, bonds suffer price declines on rising interest rates
- Investment universe may involve investments in countries where the local capital markets may not yet qualify as recognised capital markets
- Money market investments are associated with risks of a money market, such as interest rate fluctuations, inflation risk and economic instability
- 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 Funds' investments in the medium to long term due to the mitigating nature of the Fund's ESG approach
- The Funds' 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 twentyfouram.com/sustainability

Further Information and Literature:
TwentyFour Asset Management LLP

T. 020 7015 8900
E. sales@twentyfouram.com
W. twentyfouram.com

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/

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. Yield is shown gross of expenses. The yield figure is provided for illustration purposes only, should be regarded as an unaudited estimate that is subject to adjustment and therefore may not equal the realised income. The return of the securities may go down as well as up. The fund's volatility is calculated on a monthly (annualised) basis. 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 and also available from their website as indicated above.

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 Fund is not managed in reference to any benchmark index.

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. The index data referenced herein is the property of Merrill Lynch, Pierce, Fenner & Smith Incorporated (BofAML) and/or its licensors and has been licensed for use by TwentyFour. BofAML and its licensors accept no liability in connection with its use. It is not possible to invest directly in an index and they will not be actively managed.

The index data referenced herein is the property of Merrill Lynch, Pierce, Fenner & Smith Incorporated (BofAML) and/or its licensors and has been licensed for use by TwentyFour. BofAML and its licensors accept no liability in connection with its use. It is not possible to invest directly in an index and they will not be actively managed.

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.

In particular, TwentyFour Asset Management LLP will make all reasonable endeavours to comply with the Solvency II Regulations 2015 Article 256. 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 8th Floor, The Monument Building, 11 Monument Street, London, EC3R 8AF 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.