

Fund Commentary | 30 June 2025

MI TwentyFour Investment Funds - Dynamic Bond Fund

This Commentary is a marketing communication for professional UK investors only

Market Commentary

- Geopolitics took centre stage in June as conflict in the Middle East escalated. Israel launched air strikes against Iranian nuclear and military facilities, prompting Iran to retaliate. The US also got involved, as it launched its own strikes against Iranian nuclear facilities. The attacks initially triggered a huge spike in oil prices, with Brent crude up over 7% on 13 June, which represented its biggest daily increase since 2022. However, the announcement of a ceasefire more than a week later led oil prices to fall back sharply.
- Both equity and fixed income market moves were gradual, with investors appearing largely unfazed by the heightened tensions in the Middle East. Both markets rallied over the month, with the S&P 500 index up 4.5%, while 10-year Treasury yields fell by 20 basis points. Some investors called the market out for being overly complacent given the level of geopolitical uncertainty. However, the strong technical continued to dominate market moves as the impact on European and US businesses would likely have been muted.
- Primary market activity in European high yield picked up significantly over the month, reaching €20bn of gross supply. A similar trend was seen among investment grade credit and financials. Deals were mostly multiple times oversubscribed, which was indicative of the strong technical backdrop that has been a key theme for much of this year. This came as investors priced in earlier Federal Reserve (Fed) interest rate cuts than previously expected, thanks to supportive economic data and suggestive comments from policymakers.

Portfolio Commentary

- The portfolio managers kept sector allocations broadly the same during the month, but were active in both the primary and secondary markets to make changes within buckets. The team took advantage of the uptick in new issuance, adding new bonds to the portfolio that they saw as having attractive risk-adjusted return profiles and offered relative value versus the secondary market.
- The Fund was well positioned to navigate the market uncertainty, posting a positive total return in June. As the market tightened, corporate bonds performed strongly over the month, with insurance and bank Additional Tier 1s serving as the biggest contributors to the Fund's performance. US Treasuries also contributed positively, but German bunds detracted as Eurozone inflation proved stickier than anticipated.

Market Outlook and Strategy

- Fixed income assets continued to grind tighter over the month as economic data releases brought little surprise and the strong technical persisted. Tariff reprieves for Europe are set to come to an end in early July, while those for China are due to discontinue in mid-August, and the market is focused on how President Donald Trump will navigate this period. Central bank rhetoric will also be closely analysed, as investors attempt to predict when the Fed will implement its next rate cut. The market's base case continues to point towards strong corporate and consumer fundamentals for the remainder of the year, while economic growth is projected to decelerate only slowly in developed countries.

Cumulative Performance	1m	3m	6m	1y	Annualised					Since Inception*
					3y	5y	10y			
Class I Acc (Gross)	1.27%	2.32%	3.53%	8.23%	7.28%	3.53%		3.62%		5.27%
ICE BoAML Global Broad Market	1.01%	1.40%	2.89%	5.52%	2.14%	-0.88%		1.27%		2.31%

Discrete Performance	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Class I Acc (Gross)	3.53%	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	2.89%	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

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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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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.

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