

# MI TwentyFour Investment Funds - Dynamic Bond Fund

This Commentary is a marketing communication for professional UK investors only

## Market Commentary

- Risk assets outperformed again in July, with resilient economic data, clarity on the US tax and spending bill and tariff resolutions boosting investor confidence as the month progressed. President Donald Trump announced new levies on a host of trading partners, effective from 1 August, as his tariff reprieve came to an end. The 'risk-on' sentiment that followed was partly extinguished by the worries about the Federal Reserve's independence, after President Trump made certain comments about Fed Chairman Jerome Powell.
- Positive tariff developments helped the S&P 500 Index reach a record high by the end of the month. However, the combination of sticky inflation and robust economic growth data meant that investors continued to price out near-term interest rate cuts. This was compounded by the hawkish tone struck by European Central Bank (ECB) President Christine Lagarde at the ECB's meeting towards the end of the month, which contributed to the wider sovereign bond sell-off across developed markets throughout July.
- Primary issuance began to slow as the month progressed, with the market setting itself up for the typical summer lull. However, earnings season commenced with the highlight thus far being that of UK banks shrugging off tariffs and fiscal concerns with higher margins. On the corporate side, although some sub-industries appear to have weakened, profitability has remained in a healthy position, which should instil confidence among fixed income investors.

## Portfolio Commentary

- The portfolio managers made several changes during the month, responding quickly to the evolving macroeconomic landscape. The team increased the Fund's AAA collateralised loan obligation and asset-backed security (ABS) target by 1.0% and 0.5%, respectively, which took the

overall ABS target to 16.5%. This followed another increase in the relative attractiveness of the asset class versus other sectors and large-sized offers that appeared in a few attractive deals. Furthermore, the portfolio managers added 50 basis points (bp) of insurance, where they saw compelling relative value in certain pockets of the Restricted Tier 1 space. These increases were offset by the sale of 30-year Treasuries (-100bp) at the beginning of July and six-month Treasury Bills (-100bp).

- The Fund was well positioned to navigate the market uncertainty, posting a positive total return again in July. As the market continued to grind tighter, corporate bonds performed strongly over the month, with insurance and bank Additional Tier 1s again serving as the biggest contributors to the Fund's performance, supported by a strong start to the financials earnings season. US Treasuries and German bunds were the only detractors over the month, as near-term interest rate cuts were priced out amid strong economic data and hawkish commentary from ECB members.

## Market Outlook and Strategy

- Despite the economic and political volatility of the past few months, developed markets remain in a strong position heading into the latter part of the summer. Fundamentals continue to be solid, with earnings releases so far bringing no negative surprises from a credit point of view. Banks appear to have posted good numbers, with low non-performing loans, strong margins and healthy returns on equity. When corporate fundamentals are good, the chances of a recession tend to be relatively low, technicals are strong and spreads largely incorporate all of the above, the result is tight spreads. As asset allocators, the team's approach to this situation is to maintain an overweight in credit but focus on higher-quality and relatively short-dated bonds, in addition to keeping plenty of 'dry powder' to deploy if spreads were to widen.

Cumulative Performance	1m	3m	6m	1y	Annualised			
					3y	5y	10y	Since Inception*
Class I Acc (Gross)	0.77%	2.92%	3.33%	7.12%	6.59%	3.31%	3.62%	5.30%
ICE BoAML Global Broad Market	-0.16%	0.40%	2.28%	3.30%	1.22%	-1.14%	1.15%	2.28%

Discrete Performance	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Class I Acc (Gross)	4.33%	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	2.72%	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](https://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](https://www.twentyfouram.com/document-library) and/or [www.fundrock.com/mi-funds/twentyfour-asset-management/](https://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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