

MI TwentyFour Investment Funds - Dynamic Bond Fund

This Commentary is a marketing communication for
professional UK investors only

Fund Commentary | 29 August 2025

Market Commentary

- August's market moves were influenced by the US labour report at the beginning of the month, which saw payroll growth fall below expectations and significant downward revisions to the previous months' figures. The data left the three-month average payroll growth rate at its lowest level since the COVID-19 pandemic. In response, investors increased the probability of a September interest rate cut to 87% in the immediate aftermath of the release, up substantially from 40% before the report was published.
- A September rate cut was all but confirmed by Federal Reserve (Fed) Chairman Jerome Powell after he delivered a surprisingly dovish speech at the Jackson Hole central bankers' symposium towards the end of the month. The speech, which left the market increasingly confident of further near-term easing, highlighted that "downside risks to employment" are rising and that the "shifting balance of risks may warrant adjusting our policy stance". This suggests that a further weakening of the labour market is not necessary for monetary policy easing at this juncture.
- With the latest round of earnings picking up pace in August, issuers across both financials and corporates continued to display robust financials and strong fundamentals. The earnings season brought a limited number of downside surprises in the high yield and investment grade space, with issuers across a host of industries outperforming market expectations. This has contributed to a continuation in the strong technical backdrop and given the market confidence that developed economies will remain stable for some time yet.

Portfolio Commentary

- The main change to the portfolio's asset allocation was a switch out of 30-year Treasuries into 10-year Treasuries. The preference for 10-year Treasuries was driven by the cleaner exposure to rates that they offer, given that they have less term premium and headline volatility risk relative to the long end of the yield curve. The switch brought the Fund's interest rate duration down by about 0.3 years.
- On the credit side, the portfolio managers kept the sector allocations broadly the same during the month, but were active in the secondary market to make changes within buckets. With new issuance subdued, the team looked to the secondary market to rotate into names with better relative value.
- The Fund was well positioned to navigate the market uncertainty, posting a positive total return again in August. There was a broadly even spread of positive performance across all sectors within the Fund. Buoyed by the increased likelihood of a near-term rate cut, US high yield corporates served as the biggest contributor to the Fund's performance. There were no detractors over the month.

Market Outlook and Strategy

- Investors' attention has again shifted to the labour market following August's jobs report, with the economy approaching a potential inflection point. It is widely anticipated that the Fed will cut rates again in September and that investors will receive updated projections from the central bank, which will help guide market expectations on how the remainder of the rate-cutting cycle will unfold. Primary market activity should rebound sharply in autumn, which will give the portfolio managers an opportunity to add new names or top up existing issuers.
- While there has, perhaps, been a return to volatility driven by doubts about macroeconomic stability, this uncertainty is met by solid fundamentals from credit issuers. Volatility creates tactical opportunities, but fundamentals remain key to long-term return generation. In this environment, with attractive yields on offer relative to history, disciplined carry strategies remain compelling.

Cumulative Performance	1m	3m	6m	1y	Annualised			
					3y	5y	10y	Since Inception*
Class I Acc (Gross)	0.56%	2.62%	2.73%	6.76%	7.21%	3.13%	3.77%	5.31%
ICE BoAML Global Broad Market	0.60%	1.45%	1.43%	2.75%	2.51%	-0.86%	1.23%	2.31%

Discrete Performance	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Class I Acc (Gross)	4.91%	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	3.34%	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

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 and/or www.fundrock.com/mi-funds/twentyfour-asset-management/

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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 Fund is not managed in reference to any benchmark index.

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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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