TwentyFour
a boutique of Vontobel

MI TwentyFour Investment Funds - Dynamic Bond Fund

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Fund Commentary | 31 July 2026

Market Commentary

- July was dominated by renewed escalation between the US and Iran, which revived concerns over disruption to energy supplies through the Strait of Hormuz. Brent crude began the month in the low $70s per barrel but rose sharply as attacks on commercial shipping and retaliatory US strikes threatened the fragile interim agreement, briefly moving above $100 per barrel during the final week. Both sides appeared reluctant to move towards a broader conflict. Nevertheless, the oil price increase over the month represented a material reversal from June and fresh concerns around inflation and weaker global growth.
- The rise in energy prices drove a hawkish repricing across government bond markets. US Treasury and European sovereign yields moved higher as investors assessed the inflationary impact of the oil shock alongside resilient labour-market and domestic-demand data. Market sentiment was further unsettled by President Trump's inconsistent messaging, as he declared the ceasefire over while continuing to reference negotiations and provided little clarity. The absence of a clear path towards de-escalation prolonged uncertainty around oil supplies, inflation and global growth. The 10-year Treasury yield increased from around 4.47% to 4.73%, while the 10-year Bund yield rose from approximately 2.86% to 3.2%. The Federal Reserve ultimately left interest rates unchanged at its July meeting, although the decision did little to alleviate concerns that policy may need to remain restrictive. In the UK, the Bank of England also kept rates unchanged, but more dovish guidance supported a gilt rally towards month-end.
- Risk assets experienced a more volatile month as geopolitical concerns and higher yields offset continued support from corporate earnings and artificial intelligence-related investment. US equities were particularly sensitive to sharp moves in semiconductor stocks, which suffered a significant correction during the month before rebounding following strong results from several large technology companies. European equities were comparatively resilient, while credit spreads widened modestly as the energy shock intensified. Overall, markets remained orderly, but July marked a clear deterioration in risk sentiment relative to the strong performance recorded during the second quarter.

Portfolio Commentary

- Given the sovereign bond sell-off in July, the Fund generated a negative return across the month. The collateralised loan obligation (CLO) and European high yield buckets were the biggest contributors to Fund performance, with the former benefiting from a high running yield. A re-escalation in the US-Iran conflict and subsequent rise in energy prices drove a hawkish repricing across government bond markets, resulting in a sovereign bond sell-off. This contributed to the negative performance we saw across a host of sectors within fixed income in July, with the performance of financials and investment grade corporates being dragged down by the move wider in government bond yields.
- The biggest change to the portfolio's asset allocation came in the form of a 2% swap from 10-year German Bunds to 10-year Italian BTPs towards the end of the month. BTPs were added as a highly liquid spread asset offering attractive value versus similarly rated euro corporates, supported by a materially improved economic and political Italian backdrop, including a current account surplus, positive net international investment position and primary budget surplus. On the credit side, the portfolio managers kept 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 a better relative value.

Market Outlook and Strategy

- Our key convictions from an asset allocation perspective remain that solid corporate fundamentals, along with a global economy that will continue growing, provide a good backdrop for spreads. While we do not think there's scope for spreads to tighten meaningfully from here, we do think that this positive picture should mean flows into the class remain solid, which should keep spreads well anchored close to their lows.
- We think carry will be the main contributor to total returns. In this environment of tight spreads and high all-in yields, we do not think it's worth chasing additional returns via capital gains by investing in riskier sectors or specific issuers. We therefore expect sectors with strong fundamentals, and where we can safely collect some premium in spreads, to outperform. CLOs, subordinated bank and insurance debt fit this description.

Cumulative Performance	1m	3m	6m	1y	Annualised 3y	5y	10y	Since Inception*
Class I Acc (Gross)	-0.64%	1.03%	0.63%	4.36%	8.08%	2.38%	3.93%	5.24%
ICE BoAML Global Broad Market	-1.20%	-0.20%	-0.45%	2.03%	3.47%	-0.69%	0.65%	2.27%

Discrete Performance	YTD	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Class I Acc (Gross)	1.52%	7.26%	9.10%	9.61%	-13.26%	2.13%	6.55%	9.43%	-2.42%	8.89%	5.44%
ICE BoAML Global Broad Market	-0.13%	4.95%	2.02%	5.67%	-13.46%	-1.73%	5.30%	6.49%	0.02%	1.97%	3.64%

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.

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.

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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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