TwentyFour
a boutique of Vontobel

MI TwentyFour Investment Funds - Dynamic Bond Fund

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Fund Commentary | 30 October 2026

Market Commentary

- October brought a further rise in oil prices as hopes of a resolution to the US-Iran conflict faded ahead of the US midterm elections. Brent rose by 13.6% over the month and peaked at $118 per barrel – the highest level since late August. The spike in prices came after an attack on a tanker in the Strait of Hormuz and renewed threats to Saudi energy infrastructure, which heightened fears of further supply disruption. Markets are now bracing for a possible escalation in hostilities after the midterm elections on November 3.
- Following hikes in September, central banks paused in October. The US Federal Reserve (Fed) kept its target range at 3.75% to 4.0% at its October 28 meeting, and the European Central Bank (ECB) left its deposit rate at 2.5% the following day. However, ECB President Christine Lagarde said the Governing Council had debated a hike, keeping a December move on the table. Lagarde also announced she would step down early, in February 2027, setting up a leadership contest at a critical time for eurozone monetary policy. Over the month as a whole, government bonds rallied, with 10-year US Treasury yields falling around 35 basis points (bp), from 5.29% to 4.94%.
- Risk assets had a more challenging month, as concerns over artificial intelligence (AI) investment weighed on US tech, with the Nasdaq down 5.3% and the S&P 500 falling 0.9%. In credit, the rates rally supported Investment Grade (IG) total returns, while High Yield (HY) came under pressure from idiosyncratic stress. Within HY, the lowest rated bonds bore the brunt of this stress, with the CCC and lower index returning -7.0% against -1.0% for the broader European HY index.

Portfolio Commentary

- The Fund was well positioned to navigate the ongoing market volatility and generated a positive return for the month of October. With yields rallying following the Fed and ECB pauses, government bonds were the biggest contributors to Fund performance this month and were supported by IG corporates and US HY. Meanwhile, collateralised loan obligations (CLOs) and European HY were the main detractors, as floating rate assets saw some selling pressure and HY bonds faced risk-off sentiment and idiosyncratic stress in lower rated names.
- These themes were reflected in index performance, as CoCos and Euro Investment Grade indices returned +0.1% and +0.8% respectively, with Euro IG supported by lower government bond yields.
- The Portfolio managers (PMs) remained active in both the primary and secondary markets, executing attractive relative value switches within buckets. The team maintained a defensive positioning focused on higher quality credit, electing to modestly increase government bond exposure while trimming our CLO allocation. We also reduced our, already very low, exposure to AI and the hyperscalers given the continued market uncertainty.

Market Outlook and Strategy

- Performance dispersion has picked up in credit, and the managers remain extremely selective. High starting yields mean the probability that European HY will deliver positive returns over the next 12 months looks strong. They expect the market will be especially sensitive to issuers that miss their earnings estimates and further spread widening in weaker names cannot be ruled out in the short term. They continue to favour higher quality credit and are seeing relative value opportunities emerge following the recent spread widening.
- Oil remains the most important driver of inflation expectations and government bond yields. A resolution in the Middle East that brought Brent back towards $80 per barrel would likely trigger a rally across government bond curves and ease rate hike expectations.
- The PMs remain cautious on the hyperscalers and AI data centre build-outs. Sentiment towards the sector soured in October as Q3 results showed spending continuing to outpace cash generation, with Amazon holding its 2026 capex forecast at $220bn and reporting negative free cash flow for a second consecutive quarter.
- The managers take comfort in macro and corporate fundamentals, which remain resilient across the US, Europe and the UK, and starting yields on short-dated IG credit are around the 90th percentile and fund flows have been robust.

					Annualised			
Cumulative Performance	1m	3m	6m	1y	3y	5y	10y	Since Inception*
Class I Acc (Gross)	0.66%	-0.99%	0.04%	1.25%	8.36%	2.26%	3.62%	5.09%
ICE BoAML Global Broad Market	1.87%	-0.12%	-0.32%	-0.34%	4.55%	-0.44%	0.77%	2.23%

Discrete Performance	YTD	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Class I Acc (Gross)	0.51%	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	-0.25%	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.fundrock.com/mi-funds/twentyfour-asset-management-llp/

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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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