

## Vontobel Fund – TwentyFour Absolute Return Credit Fund

**An easy to understand, long-only, unlevered fund that targets the very best risk-adjusted returns within fixed income.**



**Chris Bowie**  
Partner,  
Portfolio Management  
Industry experience since 1992.

**“Short term bond funds should be simple, safe, and come with no surprises. With strict limits on risk, this fund aims to deliver some of the best risk-adjusted returns in all of fixed income”**

### Investment opportunity

We believe the Vontobel Fund - TwentyFour Absolute Return Credit Fund has redefined the concept of ‘absolute return’, a sector which has become associated with poor returns, high volatility, large drawdowns and bewildering complexity. We boil absolute return down to just one word: predictability.

This fund is not designed to achieve the absolute maximum total return its managers’ fixed income skill set could achieve irrespective of risk, because that is unpredictable. Instead we have set ourselves a lower but attractive return target, which we believe is achievable and meets an investor’s acceptable level of risk but with a fraction of peers’ volatility.

### Investment Objective

Aims to achieve a positive absolute return in any market environment over a period of 3 years by keeping a modest level of volatility.

### Why invest?



A genuinely long only, unlevered bond fund, easy to understand and designed to keep volatility low.



A minimum of two-thirds of the Fund invested in short dated investment grade bonds, which history shows can generate strong returns with very low volatility and therefore we find it to be the number one source for the very best risk-adjusted returns.



Strict limits on the asset classes, maturities, ratings and names the Fund can buy in order to help lower risks, limit volatility and still provide real opportunities to add value.



Rigorous back-testing before launch in 2015 showed the Fund’s strategy could have delivered consistent returns even in bad years for credit such as 2008 and 2011.



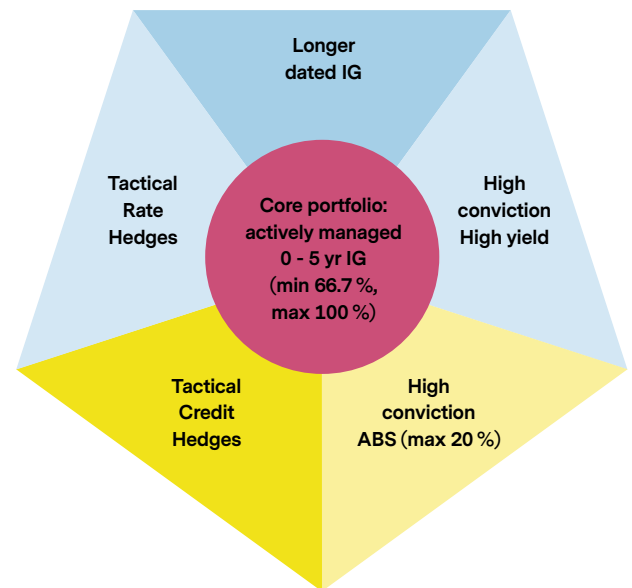
Highly focused on stock selection to help generate alpha and lower risks in order to achieve our target returns of 250bp over Sonia after fees, with volatility below 3%.

## Fund characteristics

- Limited hedging and derivative use.
- A genuinely long only, unlevered bond fund which is easy to understand and designed to keep volatility low.
- Strict limits on the asset classes, maturities, ratings and names the Fund can buy in order to help lower risks, limit volatility and still provide real opportunities to add value.
- Strong focus on stock selection seeking to generate alpha and lower risks. All bond positions have to pass a rigorous screening process to show that they have the ability to deliver good return potential with low expected volatility.

## Investment universe

- A minimum of two-thirds of the Fund will be invested in investment grade bonds with a maturity of five years or lower, which our research has shown have proven through every market cycle provided the very best risk-adjusted returns within fixed income.
- Beyond this core portfolio, there are strict risk constraints – a maximum of 20 % of the Fund can be invested in asset-backed securities, 33 % in government bonds, and 33 % in sub-investment grade debt at any one time.
- We avoid frequent hedging as we believe it is too expensive and places unnecessary pressure on fund managers to call every market twist and turn with absolute precision. We use tactical rates and credit hedges to better control risk around infrequent extreme events.
- We have not designed the Fund to achieve the highest total return our skill set allows, irrespective of risk, because that is unpredictable. Instead we have set a lower, predictable but still attractive return target, which can be achieved by using our skill set to its maximum at an acceptable level of risk.



- Min 66.7 % invested in 0-5 years Investment Grade bonds at all times.
- Max 20% Asset-Backed Securities.
- Max 33 % government bonds and supranational.
- Max 33 % non Investment Grade (minimum rating BB-).

### Why short dated IG?

Our back-testing work showed these assets can consistently generate strong returns with very low volatility and therefore we find it to be the best source of consistently high Sharpe ratios\*

\* Based on optimal model index analysis. Simulated past performance is not a reliable indicator of future performance and does not represent actual trading. It is not possible to invest directly into an index.

## Investment team

We believe the blend of portfolio management and trading backgrounds gives TwentyFour a unique level of market insight. The team are able to draw on their experience gained through multiple market cycles and utilise the expertise of all 31 investment professionals at TwentyFour, with some starting in the fixed income markets in the mid-1980s. With no reliance on internal analysts we prefer a combination of our own analysis plus the ability to tap into a broad range of external research. Portfolio managers execute their own trades and direct interaction with sell-side counterparts helps to build invaluable knowledge of the market's technical picture as well as enhance our ability to maximise efficient execution. The blend of portfolio management and trading backgrounds gives TwentyFour a unique level of market insight.



**Chris Bowie**  
 Partner,  
 Portfolio Management  
 Industry experience since 1992.



**Diana Chiu**  
 Portfolio Management  
 Industry experience since 2009.



**Gordon Shannon**  
 Partner,  
 Portfolio Management  
 Industry experience since 2007.



**Graeme Anderson**  
 Chairman,  
 Partner,  
 Portfolio Management  
 Industry experience since 1986.



**Jack Daley**  
 Portfolio Management  
 Industry experience since 2011.



**Johnathan Owen**  
 Portfolio Management  
 Industry experience since 2018.

## Fund information

Vontobel Fund - TwentyFour Absolute Return Credit Fund

ISIN	SHARE CLASS	CURRENCY	MANAGEMENT FEE
LU1267852082	I	GBP	0.40%

Other share classes available



Scan to learn more  
 about the fund

## Risks

- Limited participation in the potential of single securities.
- 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.
- High-yield bonds (non-investment-grade bonds/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated bonds.
- The Sub-Fund's investments may be subject to sustainability risks. The sustainability risks that the Sub-Fund may be subject to are likely to have an immaterial impact on the value of the Sub-Funds' investments in the medium to long term due to the mitigating nature of the Sub-Fund's ESG approach.
- The Sub-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 Sub-Fund may be obtained from [Vontobel.com/SFDR](http://Vontobel.com/SFDR).

**Further information and literature:**  
**Vontobel Asset Management S.A.**  
[vontobel.com/24arc](http://vontobel.com/24arc)

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