TwentyFour
a boutique of Vontobel

Fund Commentary | 30 June 2025

Vontobel Fund – TwentyFour Absolute Return Credit Fund

This Commentary is a marketing communication for professional UK investors only

Market Commentary

- June involved less volatility for fixed income than might have been expected, as conflict escalated in the Middle East, including US involvement, which triggered an oil price spike of 7%. However, the announcement of a ceasefire more than a week later caused the oil price to fall back quickly, while credit spreads remained relatively unchanged throughout the conflict.
- Risk assets gradually gained over the month, with both equities and credit rallying. Government bonds also rallied, in contrast to May. This was despite President Donald Trump's suggestion that he would appoint a new Federal Reserve (Fed) chairman and increased US deficit predictions as his 'big, beautiful bill' disappointed on fiscal responsibility. Ultimately, cooling data reduced inflation concerns as the Fed held interest rates steady at its June meeting. May inflation data looked fairly benign, with a modest tariff impact. Jobless claims surprised to the downside, which indicated a softening labour market.
- Primary market activity in European high yield picked up significantly over the month, reaching €20bn of gross supply. A similar trend was seen among investment grade credit and financials. Oversubscribed deals were indicative of the strong technical backdrop – or market complacency.

Portfolio Commentary

- The portfolio managers (PMs) await data on economic activity in July and August, which will confirm or disprove the hypothesis that tariff uncertainty has reduced firms' willingness to invest.
- Portfolio positioning was constant throughout June, with trading focused on reinvesting proceeds from maturities and tenders.
- Price gains in Additional Tier 1 and Restricted Tier 1 positions provoked a rotation into relatively attractive senior and Tier 2 financial positions.

Market Outlook and Strategy

- While the underlying technical remains strong, there appears to be significant complacency in markets today. Spreads are close to their all-time tightest levels while there are many moving parts to geopolitics and potential macroeconomic tailwinds.
- As such, the portfolio remains defensively positioned, with a lower-than-average beta, a lower-than-average credit spread duration and a higher-than-average government bond weighting.
- All-in credit yields remain attractive in a historical context, and good returns are expected over the next few years, with strong breakevens well placed to help shield capital in uncertain times.

					Annualised			
Cumulative Performance	1m	3m	6m	1y	3y	5y	10y	Since Inception*
Class G Acc	0.82%	1.82%	3.20%	6.53%	5.23%	2.65%	N/A	2.83%
SONIA + 250	0.55%	1.71%	3.50%	7.44%	7.06%	5.31%	N/A	4.16%

Discrete Performance	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Class G Acc	3.20%	5.87%	6.08%	-4.80%	0.52%	2.47%	5.02%	-0.83%	5.25%	4.99%	N/A
SONIA + 250	3.50%	7.87%	7.36%	3.97%	2.59%	2.73%	3.26%	3.11%	2.79%	2.91%	N/A

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, if applicable. 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: 28 August 2015. SONIA used as a proxy for cash as a performance reference for illustration purposes only, there is no specific return objective or benchmark for the fund.

Key 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-Fund's investments in the medium to long term due to the mitigating nature of the Sub-Fund's ESG approach
- The Sub-Fund's 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

Further Information and Literature:
TwentyFour Asset Management LLP

T. 020 7015 8900
E. sales@twentyfouram.com
W. twentyfouram.com

The Fund considers environmental, social and governance (ESG) factors in the investment process, utilising an integrated approach. Information on the integration approach may be obtained from https://www.twentyfouram.com/responsible-investment-policy

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

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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.

Index comparisons are provided for informational purposes only and should not be used as the basis for making an investment decision. Indices referenced herein are included for illustration purposes only, there is no specific return objective or benchmark for the fund. It is not possible to invest directly in an index and they will not be actively managed.

Where ratings are available from the credit rating agencies specified in the portfolio's rating methodology, including S&P Global Ratings Inc, Moody's Investor Services Inc & Fitch Ratings Inc, TwentyFour will use the highest of the available ratings. Moody's® assigns a rating of Aaa as the highest to C as the lowest credit quality rating. S&P® assigns a rating of AAA as the highest to D as the lowest credit quality, Fitch assigns a rating of AAA as the highest to D as the lowest credit quality. Additionally, where no rating has been requested, or there is insufficient information on which to base a rating, a rating agency may assign a rating of NR (Not Rated). For unrated sovereign issues TwentyFour will adopt the issuing sovereign's credit rating. The average credit quality (ACQ) is provided to indicate the average credit rating of the portfolio's underlying investments' rating and may change over time. The portfolio itself has not been rated by an independent rating agency and is provided for informational purposes only. The ACQ is determined by using a market-weighted equivalent rating and rounding to the nearest rating. For unrated bonds and cash and equivalents, when calculating the ACQ ratings TwentyFour will determine an internal rating by considering all relevant factors, including but not restricted to, the relationship between the bond's maturity and its price and/or yield, the ratings of comparable bonds, the issuer's financial statements and the issuer's credit rating if available. The risk of default increases as a bond's rating decreases, so the ACQ provided is not a statistical measurement of the portfolio's default risk because a simple weighted average does not measure the increasing level of risk from lower-rated bonds. The ACQ may be lower if cash and equivalents are excluded from the calculation. Derivative positions are not reflected in the ACQ.

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