

TwentyFour

Select Monthly Income Fund

This Commentary is a marketing communication for professional UK investors only

Fund Commentary | 31 October 2025

Market Commentary

- 'Risk-on' sentiment persisted through October, with global equities advancing despite intermittent volatility and a prolonged US government shutdown. The month began with optimism around dovish central bank expectations following softer US inflation, with the headline Consumer Price Index (CPI) rising by 0.31% month on month and core CPI gaining 0.23%, both below expectations. Concerns over the health of US regional banks and a temporary flare-up in US-China trade tensions saw sentiment briefly reverse mid-month. However, risk appetite recovered strongly into month-end as trade rhetoric softened and talk of near-term monetary easing persisted.
- The Federal Reserve (Fed) cut rates by 25 basis points (bp), as expected, while Chair Jerome Powell highlighted "strongly differing views" within the Federal Open Market Committee, noting that another reduction in December was "far from a foregone conclusion". In Europe, the European Central Bank (ECB) and Bank of England (BoE) both kept rates unchanged at 2% and 4%, respectively, with ECB President Christine Lagarde stating policy is in a "good place". UK inflation remained steady at 3.8%, which was below forecasts and fuelled expectations of a BoE rate cut later this year. The supportive policy backdrop and steady economic data helped maintain a constructive tone across European markets.
- Geopolitical and idiosyncratic factors drove bouts of volatility through the month. The temporary re-escalation of US-China trade tensions triggered the worst week for the NASDAQ Composite Index since mid-April, before markets quickly recovered on news of tariff reductions on both sides. Elsewhere, the collapse of Japan's governing coalition and the resignation and subsequent reappointment of Sebastien Lecornu as French prime minister added to global political noise. Credit markets reflected these shifts, with US high yield spreads widening 36bp at the height of the risk-off tone, before tightening again as sentiment improved. European credit was comparatively stable, supported by steady technical demand, while new issuance slowed slightly across developed markets amid elevated rate volatility.

Portfolio Commentary

- The team believes the portfolio remains well positioned to deal with the geopolitical and macroeconomic uncertainty, given the continued focus on maintaining high average credit quality and managing duration exposure. Within US and European high yield exposures, positioning remains defensive, with the portfolio managers deciding to not go too far down the credit spectrum by avoiding CCC and weaker B rated names.
- The Fund was well positioned to benefit from the market-wide risk-on sentiment, with corporates and financials seeing strong bond performance. Bank Additional Tier 1s (AT1s) were again the biggest contributor to the Fund's performance, as European banks continued to post impressive financials, with resilient asset quality, elevated net interest margins and low levels of non-performing loans. The only detractor was asset-backed securities, driven by European collateralised loan obligations (CLOs). Idiosyncratic credit events, particularly in the US market, resulted in a degree of tiering, with BBs trading in a spread range of Euribor +5.5-7.5%.

Market Outlook and Strategy

- Markets are braced for the end of the US government shutdown and subsequent publication of economic data that has been withheld during this period. Investors will be particularly keen to analyse non-farm payroll and unemployment rate data, as this will inform market participants about the health of the labour market ahead of the next Fed meeting in December. The outcome of ongoing trade talks between US President Donald Trump and his Chinese counterpart, Xi Jinping, will also dictate market sentiment in the coming weeks.
- From a top-down perspective, the team continues to believe that credit offers a highly attractive risk-reward profile, with high all-in yields, strong corporate fundamentals and limited default risk. The portfolio managers continue to favour higher-quality credit across short-to-medium-term maturities and hold a bias towards European credit given better currency-adjusted yields and improving growth forecasts. At the same time, they are highly selective from a bottom-up perspective. The team continues to hold rates as a balance to the credit in the portfolio, which also offers liquidity that can be used to take advantage of any potential credit volatility.

Cumulative Performance	1m	3m	6m	1y	Annualised				Since Inception*
					3y	5y	10y		
NAV per share inc. dividends	0.52%	2.37%	7.94%	11.94%	16.62%	8.58%	7.27%	6.57%	

Discrete Performance	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
NAV per share inc. dividends	9.21%	17.69%	17.60%	-12.92%	7.48%	5.73%	11.94%	-1.41%	14.56%	8.20%	2.81%

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: 10/03/2014.

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
- Typically, sub-investment grade securities will have a higher risk of issuer default, and are generally considered to be more illiquid than investment grade securities
- 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 Fund's investments in the medium to long term due to the mitigating nature of the Fund's ESG approach
- The 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 Fund may be obtained from twentyfouram.com/sustainability

Further Information



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Important information

Further information on fund charges and costs are included on our website at www.twentyfouram.com/view/GG00BJVDZ946/twentyfour-select-monthly-income-fund

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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/purchased and redeemed/disposed of, 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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