

TwentyFour

Select Monthly Income Fund

This Commentary is a marketing communication for professional UK investors only

Fund Commentary | 27 February 2026

Market Commentary

- Escalating geopolitical tensions dominated the latter part of February after co-ordinated US and Israeli strikes on Iran prompted retaliatory action from Tehran at the very end of the month, raising fears of a broader regional conflict. Oil prices were expected to surge when the market opened at the beginning of March, while market participants will keep a close eye on how credit performs given the resilience seen thus far this year. Investors may view the shock as contained rather than systemic.
- Financial market concerns re-emerged through a combination of technology sector volatility, private credit stress and renewed debate about disruption caused by new artificial intelligence (AI) tools. Early in the month, a sharp sell-off in software names triggered broader indiscriminate weakness across risk assets, widening credit spreads and slowing primary issuance. Sentiment was further dented when Blue Owl Capital declined to reopen withdrawals from a retail-focused private credit fund, which reignited fears of liquidity mismatches and a potential crunch across parts of private markets. At the same time, research highlighting a hypothetical scenario in which rapid AI adoption could push US unemployment into double digits by 2028 added to longer-term uncertainty, which reinforced investor sensitivity to both cyclical data and structural shifts in the labour market.
- Monetary policy expectations shifted many times as investors digested a mixed macroeconomic backdrop and fresh economic data across the month. A stronger-than-expected January payrolls report (+130,000 versus +65,000 expected) reinforced the narrative of continued US economic resilience into 2026, while softer fourth-quarter GDP growth (+1.4% versus +2.8% expected) and firmer core personal consumption expenditures (PCE) inflation (+0.4% month on month) complicated the outlook. Consumer Price Index (CPI) data later surprised to the downside, which added a more dovish tone. Meanwhile, the US Supreme Court ruling limiting the use of International Emergency Economic Powers Act (IEEPA) for broad tariffs improved the global growth outlook into 2026.

Portfolio Commentary

- The Fund generated a negative total return in February, with collateralised loan obligations (CLOs) the sole detractor from performance. During the month, headlines that reflected concerns about the disruption caused by AI technology and the broader software market resulted in a partial reversal of January's tightening among CLOs. The softness was most pronounced in the BB and B tranches, where tiering between deals also widened. BB European CLOs ended the month 50 basis points (bp) wider at 5.5% over Euribor, and new issue Bs at a spread of 9%.
- Bank Additional Tier 1s (AT1s) were the biggest positive contributor to the Fund's performance, with most European banks reporting their full-year 2025 results in February. Profitability generally remained robust and well diversified, despite normalising net interest income due to rate cuts. Capital ratios continued to have a healthy buffer to minimum requirements and asset quality remained resilient, despite pockets of stress in some sectors. This supported the continued outperformance of European bank capital instruments, with the contingent convertible (CoCo) bond index up by 1.62% in the year to date versus 0.99% for the European high yield index.

Market Outlook and Strategy

- The market will pay particularly close attention to how the conflict in the Middle East develops. This will likely be a key driver of market sentiment, with prices of both risk assets and risk-off instruments being reassessed by investors as the situation evolves. The impact on European energy markets could also be significant and long-lasting.
- Financial markets will remain anxious about the consequences of AI on corporates and the wider global economy. Uncertainty is expected to remain high in the coming quarters and is only likely to begin to dissipate gradually as companies report concrete figures on forward-looking indicators, such as new subscriptions, backlogs of new orders and others that might be relevant for different industries.
- Given the volatile macroeconomic and geopolitical background, careful credit analysis and active portfolio management remain critical to delivering attractive risk-adjusted returns in the medium term. Portfolio positioning continues to favour high-quality, higher-rated assets and a disciplined approach to duration risk.

Cumulative Performance	1m	3m	6m	1y	Annualised			
					3y	5y	10y	Since Inception*
NAV per share inc. dividends	-0.32%	1.98%	4.17%	8.92%	13.89%	7.20%	8.35%	6.61%

Discrete Performance	YTD	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NAV per share inc. dividends	1.16%	10.70%	17.69%	17.60%	-12.92%	7.48%	5.73%	11.94%	-1.41%	14.56%	8.20%

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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