

# TwentyFour

## Select Monthly Income Fund

This Commentary is a marketing communication for professional UK investors only

### Fund Commentary | 29 May 2026

#### Market Commentary

- May was dominated by developments in the Middle East, with financial markets swinging between fears of a prolonged energy shock and optimism around a potential US-Iran peace agreement. Sentiment improved materially as the month progressed, with reports of ceasefire extensions and renewed diplomatic negotiations leading investors to increasingly price out the risk of a sustained supply disruption. As a result, oil prices retraced sharply, with Brent ending the month closer to \$90 per barrel, significantly easing pressure on global markets.
- Rising energy prices initially fuelled a stagflation narrative, pushing inflation expectations higher and prompting markets to reduce expectations for policy easing from both the Federal Reserve (Fed) and the European Central Bank (ECB). Sovereign yields moved higher during the first half of the month as investors contemplated the risk of further tightening. However, as oil prices declined and inflation expectations moderated, markets reversed much of this move, scaling back the probability of additional rate hikes and supporting a rally in government bonds. By month-end, Treasury and Bund yields had fallen from their highs.
- Risk assets delivered a strong performance overall, led by US equities and supported by resilient economic data, AI-related earnings and improving geopolitical sentiment. European equities lagged somewhat amid weaker growth expectations and ongoing geopolitical uncertainty, although credit markets remained resilient. Investment grade (IG) spreads were broadly stable to tighter, while High yield (HY) spreads compressed modestly, particularly in Europe, reflecting continued investor demand for carry and confidence that geopolitical risks would not materially derail the economic backdrop.

#### Portfolio Commentary

- The Fund was well positioned to navigate market volatility, generating solid returns in May. There were no detractors to the Fund's performance over the period.

- Bank Additional Tier 1s (AT1s) were the biggest positive contributor to the Fund's performance. Profitability generally remained robust and well diversified, despite normalising net interest income due to rate cuts, while capital ratios continued to have a healthy buffer to minimum requirements. Asset quality remains resilient despite pockets of stress in some sectors. This has supported the continued outperformance of European bank capital instruments, with the contingent convertible (CoCo) index up 1.62% year to date versus 0.99% for the European HY index.
- The team decided to switch around 1% of European HY corporate exposure into US HY, reflecting the recent outperformance of European HY spreads relative to the US by around 20 basis points (bp). The switch allows the portfolio to capture higher currency-adjusted yields by rotating out of lower-yielding European issuers into higher-yielding US corporates with strong underlying fundamentals.

#### Market Outlook and Strategy

- The market will continue to pay close attention to how the conflict in the Middle East develops and whether diplomatic efforts succeed in reopening the Strait of Hormuz. While inflation will be at the forefront of investors' minds, the managers expect the focus to gradually shift towards growth the longer the strait remains effectively closed.
- Given the combination of high yields and solid fundamentals, fixed income markets can deliver healthy returns for those who remain invested. The managers believe a portfolio biased towards higher quality credit and neutral duration is a solid proposition. Maintaining high liquidity will be particularly important, offering opportunities to investors during periods of volatility. The managers stand ready to make changes and potentially add risk if markets sell off.
- Portfolio positioning continues to favour high-quality, higher-rated credit 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 | 1.51% | 0.76% | 2.75% | 9.08% | 14.51%     | 6.77% | 7.73% | 6.54%            |

  

| Discrete Performance         | YTD   | 2025   | 2024   | 2023   | 2022    | 2021  | 2020  | 2019   | 2018   | 2017   | 2016  |
|------------------------------|-------|--------|--------|--------|---------|-------|-------|--------|--------|--------|-------|
| NAV per share inc. dividends | 1.93% | 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](https://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](https://twentyfouram.com/view/GG00BJVDZ946/twentyfour-select-monthly-income-fund)

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