TwentyFour
a boutique of Vontobel

Asset Allocation Monitor

The latest macro and sector views from TwentyFour's portfolio management team, capturing key themes from the monthly Investment Committee.

November 2026



Sector Scorecard

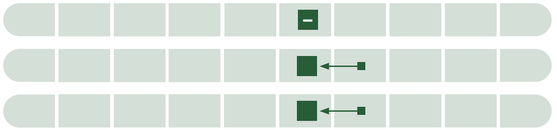
Our Sector Scorecard is indicative and determined by a range of cross-market considerations such as macroeconomic and monetary conditions, corporate fundamentals, credit spreads, and perceived value. The score is determined by the Investment Committee, comprising representatives from across the firm's portfolio management teams, to ensure input from a range of investment perspectives.

No change Current Previous month

12 October 2026 → 18 November 2026

Least attractive 1 2 3 4 5 6 7 8 9 10 Most attractive

Government bonds

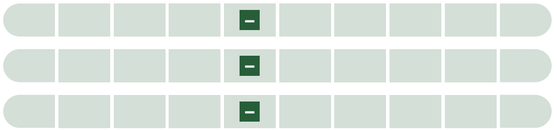


Bunds
Gilts
USTs

In our view the bull case for government bonds has arguably strengthened in the last month. Oil prices have fallen, easing inflationary concerns, and government bonds have behaved more like a risk-off asset than in recent times, having rallied on the worst days of the recent AI/tech sell-off.

However, these developments must be weighed against the material hawkish shift from central banks. A key Fed member has floated a 50bp hike in December, and the sole dissenter in the BoE's 8-1 vote for a 25bp hike this month also called for a 50bp move.

Investment grade



EUR
GBP
USD

Spreads are wider than a month ago, having reacted to the tech sell-off. There could be selective opportunities to add certain names at their most attractive spread levels this year. The fundamental backdrop for IG corporates remains supportive given strong earnings across the board. However, better opportunities may emerge in the new year if broader market volatility leads to higher new issue premiums in the primary market.

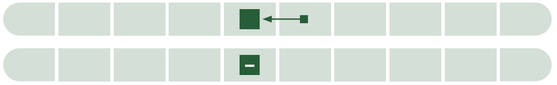
High yield



EUR
USD

The European HY market feels healthier than a month ago, but we are not minded to add exposure here. Spreads have tightened and demand for new issues has been strong, but sentiment still feels soft and we see potential for the recent underperformance versus US HY to be repeated if broader market volatility resumes. The European market generally has smaller companies that don't have scale to fall back on, and consumption trends there look weaker than in the US.

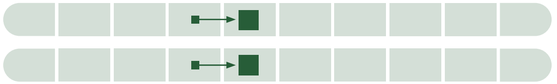
Financials



Banks
Insurance

Additional Tier 1 (AT1) has increasingly traded more like a mainstream market. Spreads have held up well through broader tech-driven volatility. Investors are more wary of being underweight the space, evidenced by the short-lived weakness on headlines around Deutsche Bank. The technical picture in AT1s has weakened slightly as new issuance may have to come with higher new issue premium, which could see spreads widen in the secondary market.

Securitised



CLOs
ABS

In CLOs, recent spread widening means we have been able to add BB paper around 40bp wider than a month ago. Spreads have since retraced slightly but they remain around 25bp wider than the tightest levels seen this year. At 125bp over Euribor, AAA spreads continue to look good value to us given the regulatory changes coming for insurance buyers in January and the weight of demand we typically see in the new year.

In non-CLO ABS, we also saw 40-50bp of spread widening in junior tranches. This has also retraced slightly but we see relative value at these levels in our preferred names.

Lower or higher scores do not necessarily imply that TwentyFour will look to decrease or increase its allocation to a given sector.
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Macro data supports case for credit despite AI volatility

- Growth across developed economies remains resilient, with year-on-year GDP growth in the third quarter at 2.1% for the US, 1.9% for the UK and 1.3% for the Eurozone. France lagged peers with a quarter-on-quarter contraction of 0.1%. Headline inflation remains well above target at 3.7% in the US, 3.6% in the UK and 4% in the Eurozone. The oil price remains the key driver and core inflation is contained, but there are signs of broadening price pressures in the US.
- AI and tech equities have been volatile, with the emphatic Democrat victory in the US midterms raising the prospect of slower data centre buildout and the resignation of chip behemoth Nvidia's CEO Jensen Huang sparking a broader sell-off. Credit spreads have been more resilient than equities through this volatility, and in our view the fundamental backdrop continues to support the case for higher quality credit.

Central banks turn sharply hawkish, even as oil falls

- Government bond yields have been on a round-trip since the last Investment Committee, with the 10-year US Treasury (UST) yield falling as low as 4.83% in early November before climbing sharply back above 5%. The catalyst for the initial rally was the oil price, which has fallen to around $90 per barrel, having reached a recent high of $118 on October 30. The catalyst for the subsequent sell-off has been a material shift from central banks.
- The market-moving comments have chiefly come from Federal Reserve (Fed) board member Christopher Waller, who has called for a 50bp hike at the Fed's December meeting saying he is "very, very concerned" about inflation. In the same vein, the Bank of England voted 8-1 in favour of a 25bp rate hike at its November meeting, with the dissenting voice calling for a 50bp hike.
- With oil significantly lower and USTs rallying on the worst days of the tech sell-off, at current yields they look more attractive as a risk-off asset than they did a month ago in our view. We don't think a 50bp hike would be the right call, but if the Fed is determined to take the market in a certain direction, it can be unwise to stand in the way. As the saying goes, don't fight the Fed.

Return of new issue premium offers potential value

- Despite some spread widening, credit markets have generally posted solid performance over the past month. European high yield spreads tightened by 25bp in the week ending November 13, for example, the market's strongest weekly performance since April 2025. This suggests that despite the rates shock, investors continue to differentiate between duration pressure and underlying corporate credit fundamentals.
- One positive development has been the return of new issue premium in the primary market, with even investment grade companies offering a 10-15bp pick-up to the secondary market in recent deals to compensate investors for the more uncertain environment. With wider spreads, some of our favoured names are now offering their most attractive yields of the year.

Themes discussed by TwentyFour's portfolio management team at the monthly Investment Committee meeting on 18 November 2026.

Performance summary

Updated to 18 November 2026

Index	Last IC (13 Oct)	MTD	YTD
German Bunds (7-10yr)	0.8%	-0.4%	-1.3%
UK Gilts (7-10yr)	0.8%	-0.4%	-1.6%
US Treasuries (7-10yr)	1.3%	-1.1%	-2.7%
Euro IG	0.4%	0.1%	-0.4%
Sterling IG	0.5%	-0.1%	-0.7%
US IG	0.7%	-0.8%	-1.6%
Euro High Yield	0.2%	0.6%	-0.3%
Sterling High Yield	-0.8%	0.2%	-2.1%
US High Yield	-0.1%	-0.2%	0.1%
Euro Banking	0.4%	0.2%	0.0%
Sterling Banking	0.3%	0.0%	0.6%
US Banking	0.7%	-0.5%	-0.7%
Euro Insurance	0.3%	0.2%	-0.9%
Sterling Insurance	0.5%	0.0%	0.0%
US Insurance	0.9%	-0.7%	-1.2%
CoCo	0.6%	0.5%	1.8%
Europe Lev Loans	0.5%	0.7%	2.5%
US Lev Loans	0.6%	0.6%	3.7%
EM (Hard Ccy)	0.0%	-0.4%	-0.2%

Top 3 relative outperformers in time period
Top 3 relative underperformers in time period

Source: Bloomberg, ICE BofA Indices, Morningstar, index returns in local currency.

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