

Fund Commentary | 30 June 2025

TwentyFour Corporate Bond Fund

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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

- During the month, the portfolio's positioning was relatively steady.
- Hybrid positions were rotated to take advantage of attractive new issuance.
- The Fund's positive performance was driven by a rally in both credit spreads and government bonds.

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.
- The portfolio managers 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. As such, the portfolio remains defensively positioned, with a low allocation to higher beta credits.
- With investors increasingly focused on weaknesses in government fiscal positions, even in developed markets, we think so-called risk-free government bond rates are as likely a source of volatility as mitigation. As a result, the Fund remains slightly underweight duration versus its benchmark.

Cumulative Performance	1m	3m	6m	1y	Annualised			
					3y	5y	10y	Since Inception*
GBP I Accumulation	1.85%	3.12%	3.76%	7.06%	4.49%	0.28%	2.72%	2.41%
iBoxx GBP Corporate Bond Index	1.82%	3.10%	3.58%	5.83%	3.27%	-0.64%	2.58%	2.15%

Discrete Performance	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
GBP I Accumulation	3.76%	4.91%	9.09%	-17.70%	-1.55%	7.56%	9.73%	-2.26%	7.21%	8.48%	N/A
iBoxx GBP Corporate Bond Index	3.58%	2.18%	9.70%	-18.37%	-3.19%	8.63%	11.03%	-2.20%	5.01%	11.83%	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 15/01/2015. The benchmark of the Fund is the IA £ Corporate Bond Sector however the secondary reference benchmark against which performance of the Fund may be compared is the iBoxx GBP Corporate Bond Index.

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 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 www.twentyfouram.com/responsible-investment

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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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iBoxx GBP Corporate Bond Index - tracks publicly issued sterling-denominated investment grade rated corporate bonds.

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