

# Why income remains king in 2025



**Ashley Paxton**  
Non-Executive Director  
and Chair

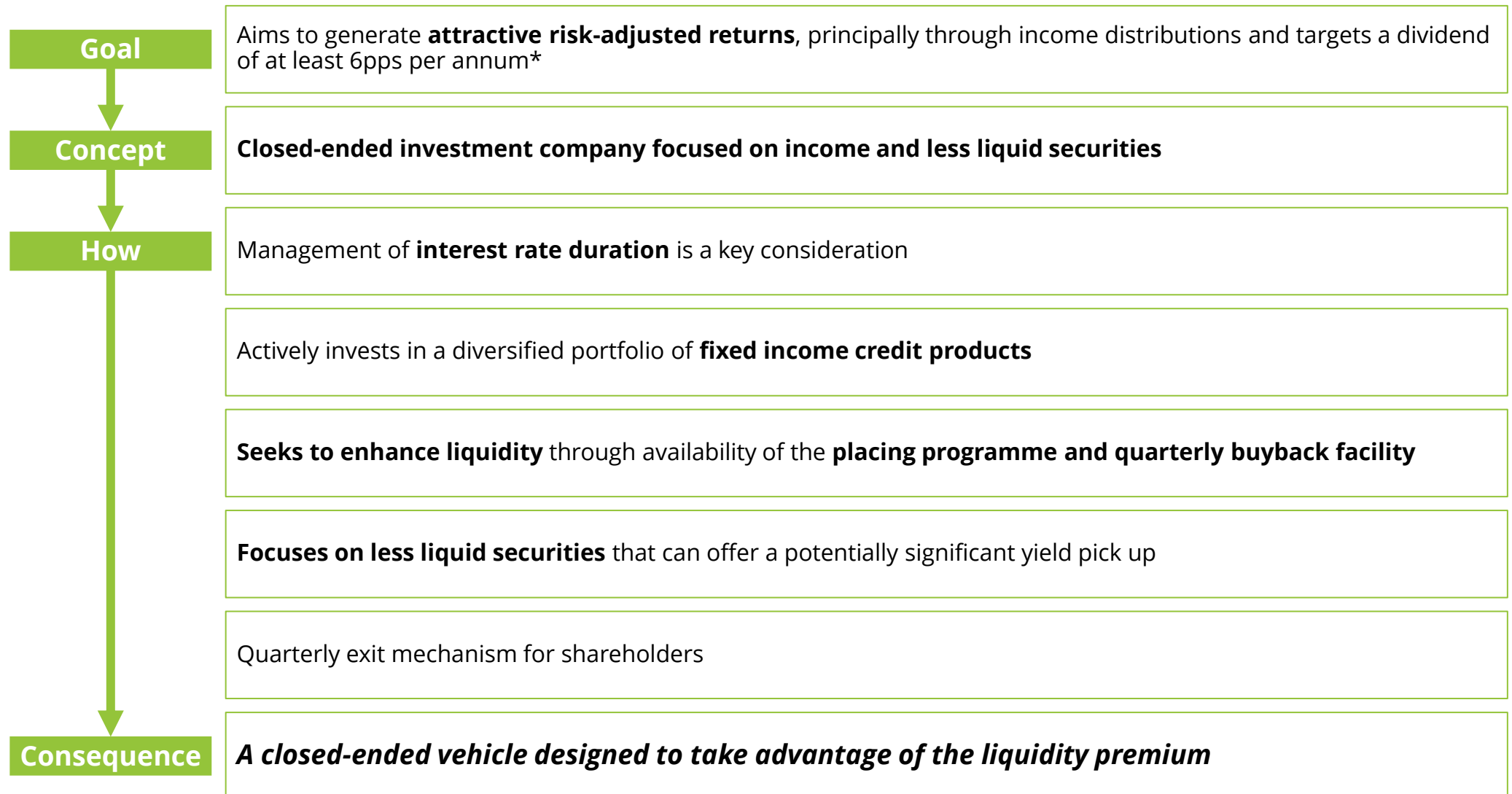


**Eoin Walsh**  
Partner, Portfolio Management  
TwentyFour Asset  
Management

26 March 2025



# TwentyFour Select Monthly Income Fund overview



A liquid market is considered to be one that has plenty of buyers and sellers, and transactions do not have a significant effect on the asset price. Less liquid securities are typically less frequently traded and/or have wider spreads than more frequently traded securities which can result in a premium from the perception these are riskier than conventionally more liquid securities. Past performance is not a reliable indicator of current or future performance. 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. \*This is a target only and does not represent a forecast of SMIF's profits

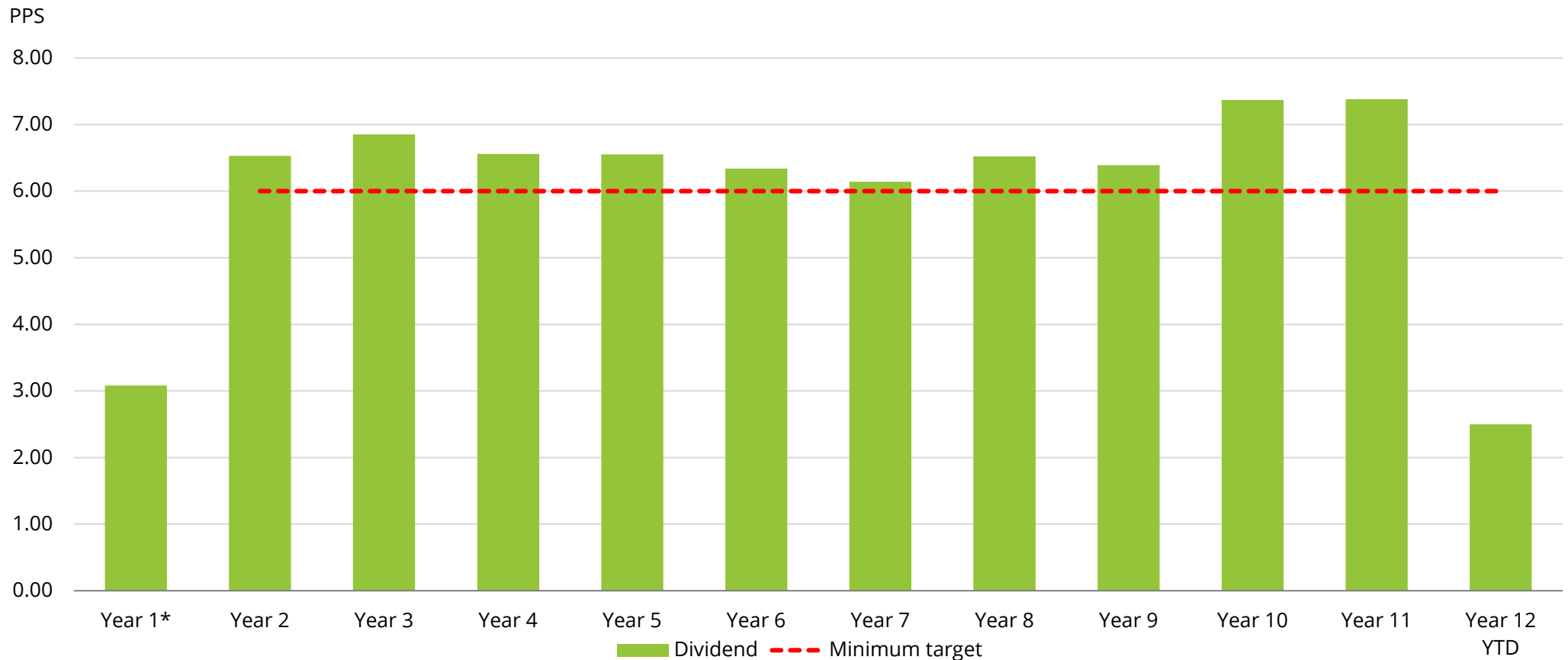
# TwentyFour Select Monthly Income Fund highlights



Fund size (NAV)	£236.1 million
Launch date	10-Mar-14
Gross purchase yield	8.21%
Current mark-to-market yield	8.86%
Interest rate duration	2.58yrs
Credit spread duration	3.58yrs
Annualised performance since launch	6.40%
2024 performance	17.69%
YTD 2025 performance	2.81%

**Past performance is not a reliable indicator of current or future performance.** Fund allocations and characteristics are subject to change without notice. The yields are shown at hedged portfolio level and gross of fund expenses. Performance data is based on the NAV and is shown on a mid-to-mid basis inclusive of net reinvested income and net of all fund expenses. Figures do not take into account any commissions and costs charged when shares of the fund are purchased and/or disposed of, 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. Source: TwentyFour; 28 February 2025

# FY2023/4 was a record dividend year for the Fund



	Annualised							
	1 month	3 months	6 months	1 year	3 years	5 years	10 years	Since inception**
NAV per share incl. dividends	1.19%	4.30%	7.99%	16.71%	8.60%	6.93%	6.69%	6.40%

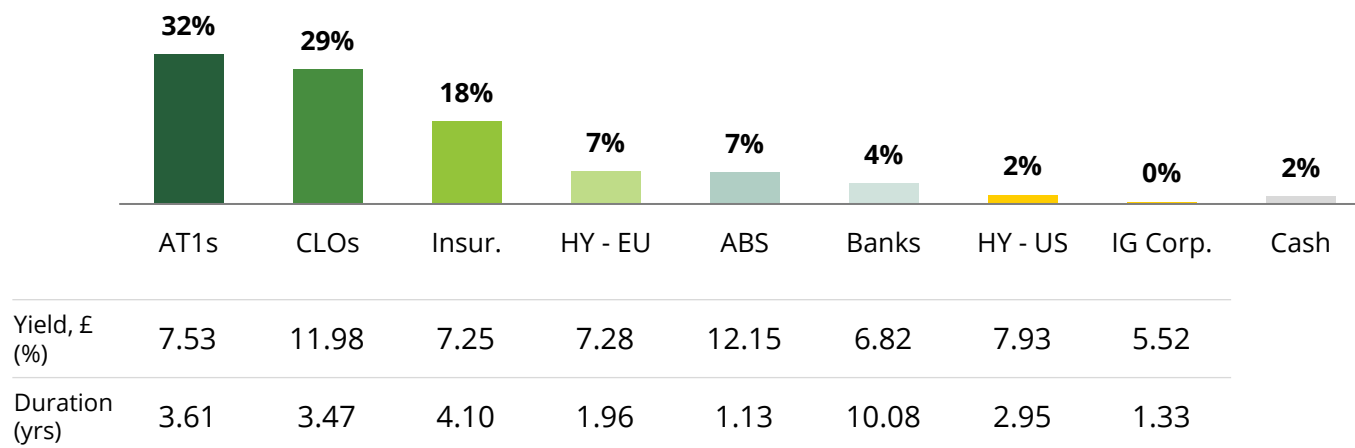
Discrete performance	YTD 2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
NAV per share incl. dividends	2.81%	17.69%	17.60%	-12.92%	7.48%	5.73%	11.94%	-1.41%	14.56%	8.20%	2.81%

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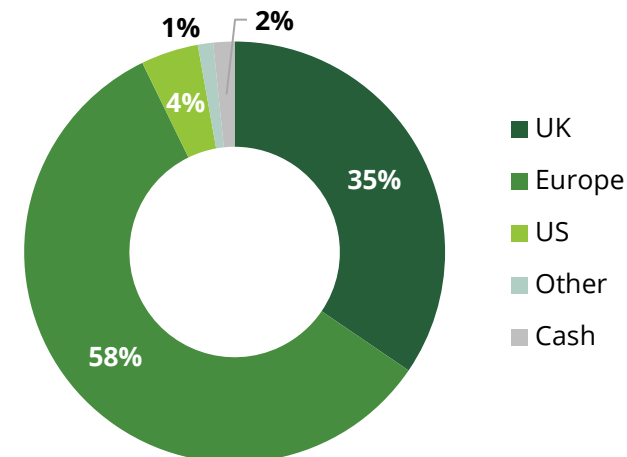
Source: TwentyFour; 28 February 2025

# TwentyFour Select Monthly Income Fund portfolio positioning

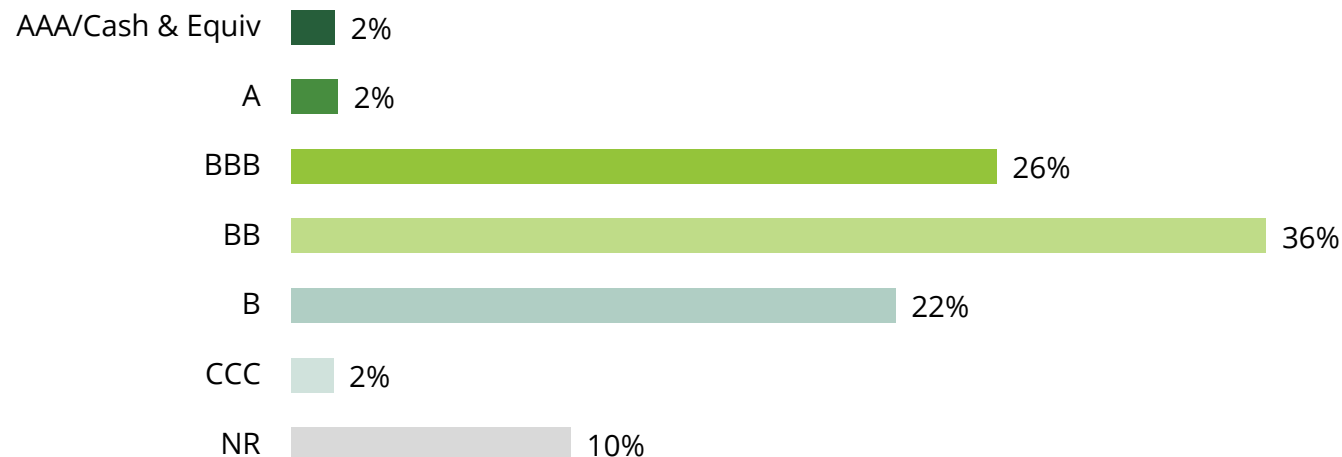
## Sector breakdown



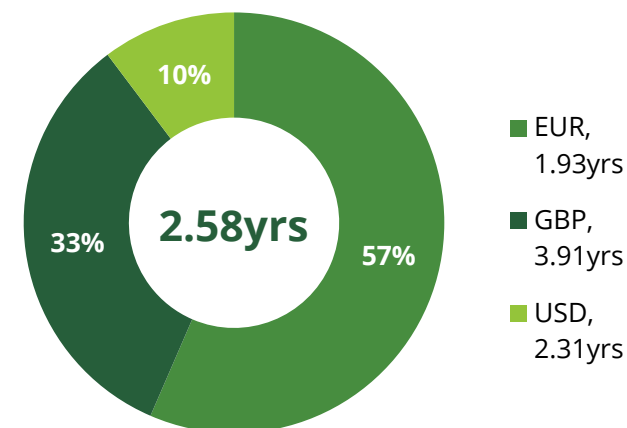
## Geographic breakdown



## Rating breakdown



## Interest rate duration by yield curve



Fund allocations and characteristics are subject to change without notice. Sector breakdown excludes long European Crossover CDS option hedge placed in December 2024, with a delta adjusted market exposure of 0.13% as at 31 January 2025. Geography for ABS calculated on a direct exposure basis. See Important Information slides for further information on TwentyFour's credit rating methodology. Positioning numbers are rounded to nearest integer and therefore only approximate. Source: TwentyFour; 28 February 2025

# High starting yields indicate strong 5yr returns

## US\$ Broad Market Index

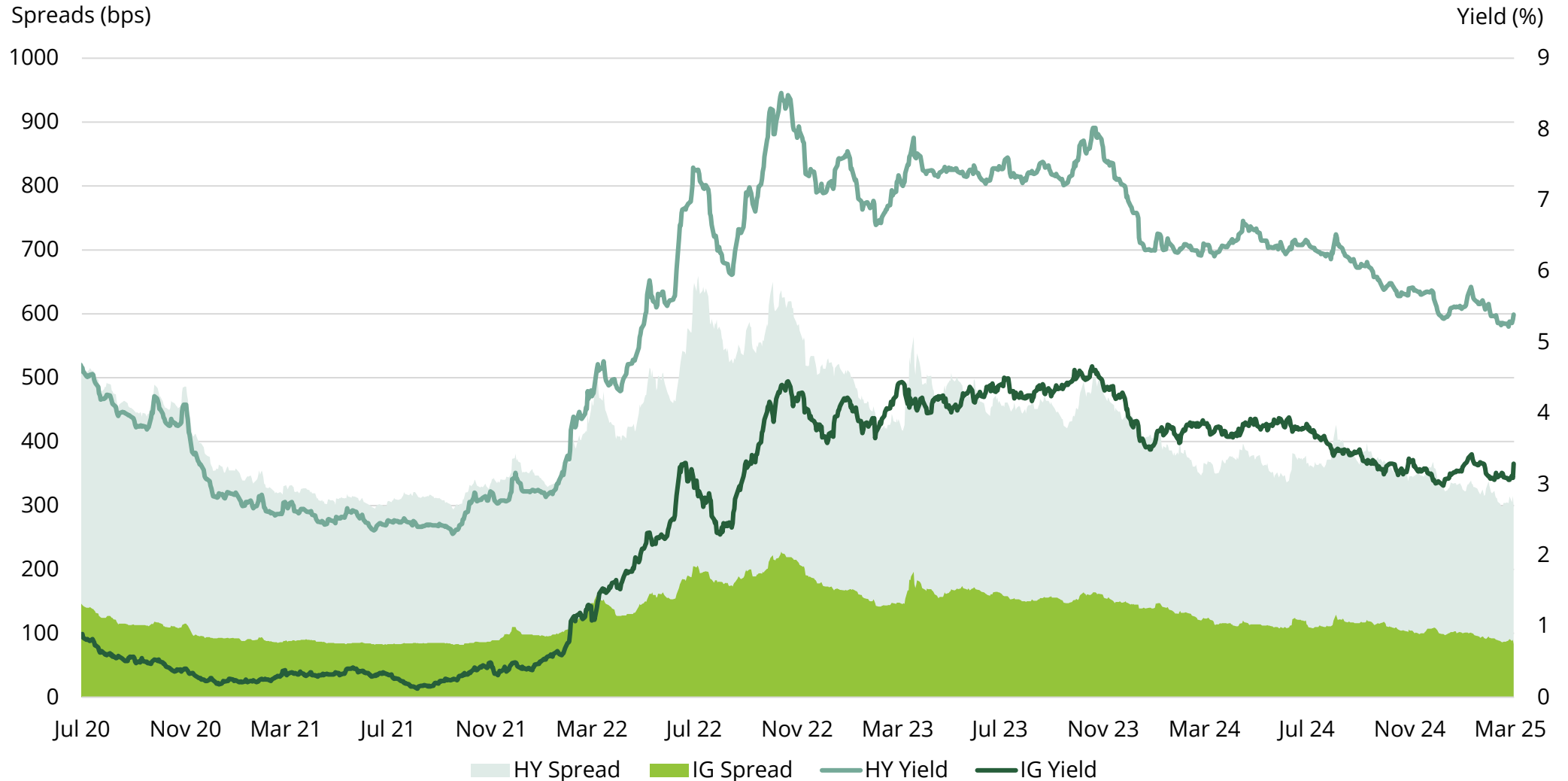
31/12/85 to 30/06/24  
Annualised Return



**Past performance is not a reliable indicator of current or future performance.** Included for illustrative purposes only. It is not possible to invest directly into an index and they will not be actively managed. Data source: TwentyFour, ICE Indices

# European spreads have rallied, but yields remain attractive

## Euro yields and spreads



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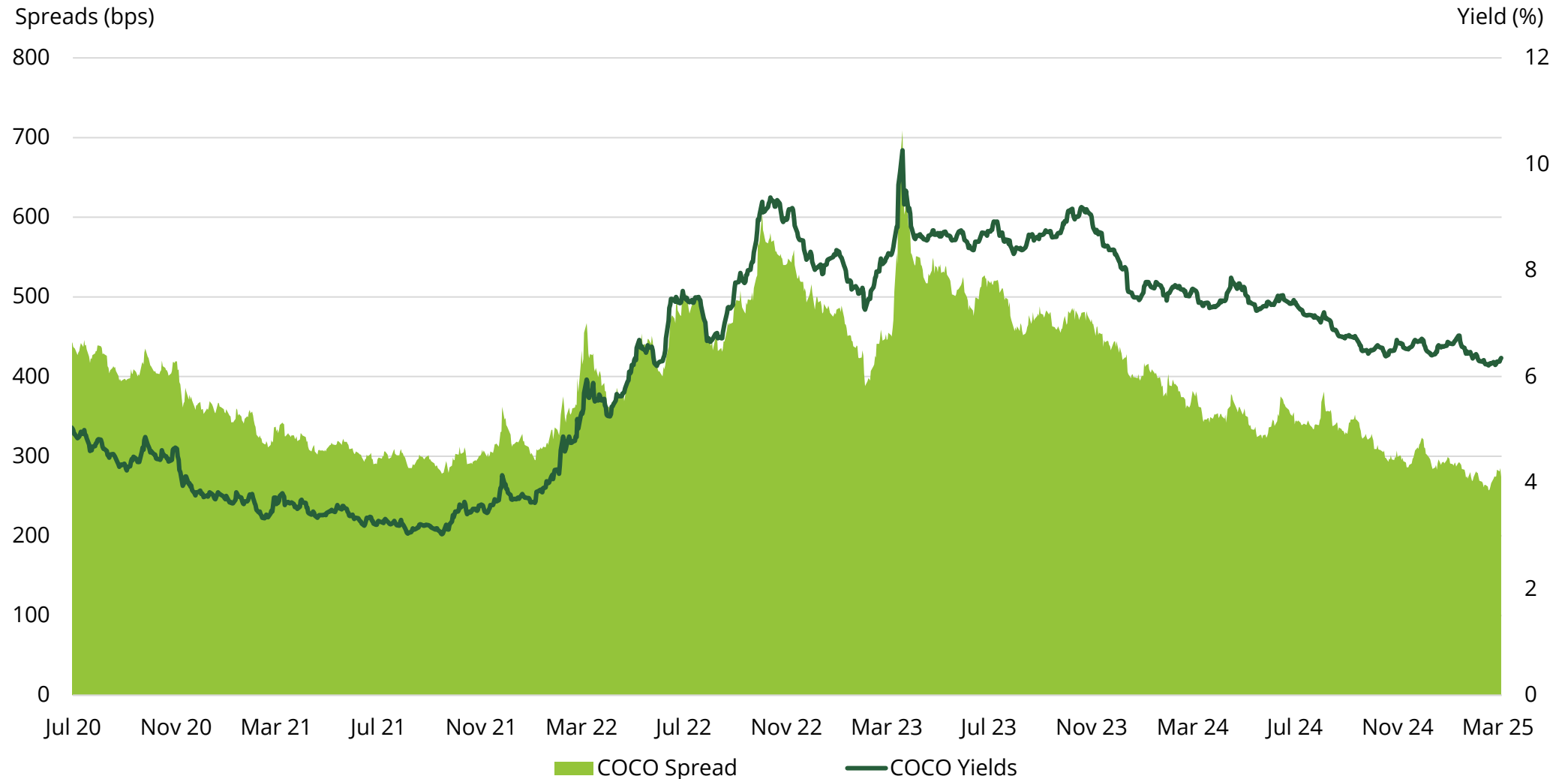
# Bank capital ratios are increasing, while NPLs are falling





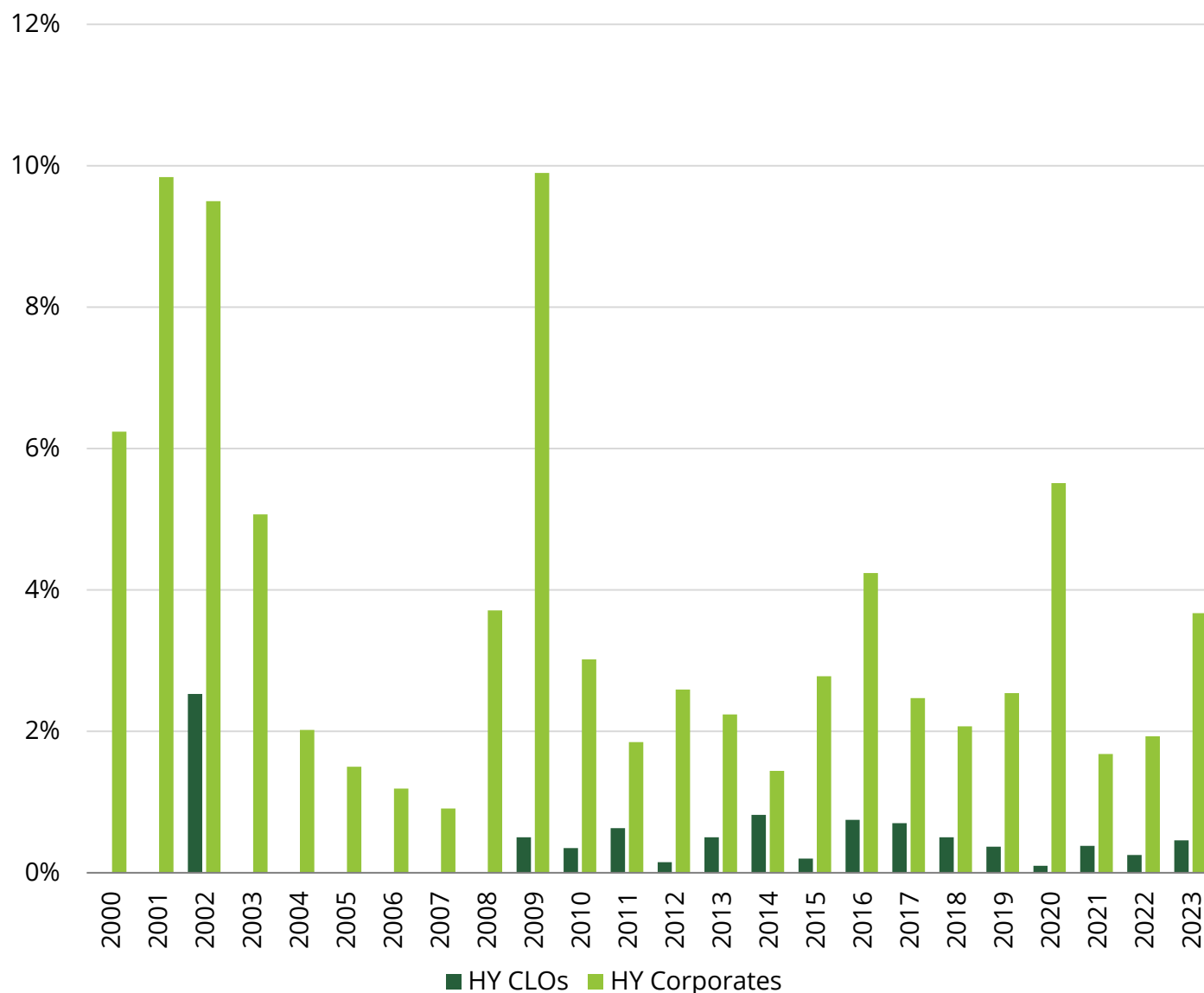
# High quality yields within bank capital

## CoCo Index (USD)



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# CLOs historically have extremely low default rates

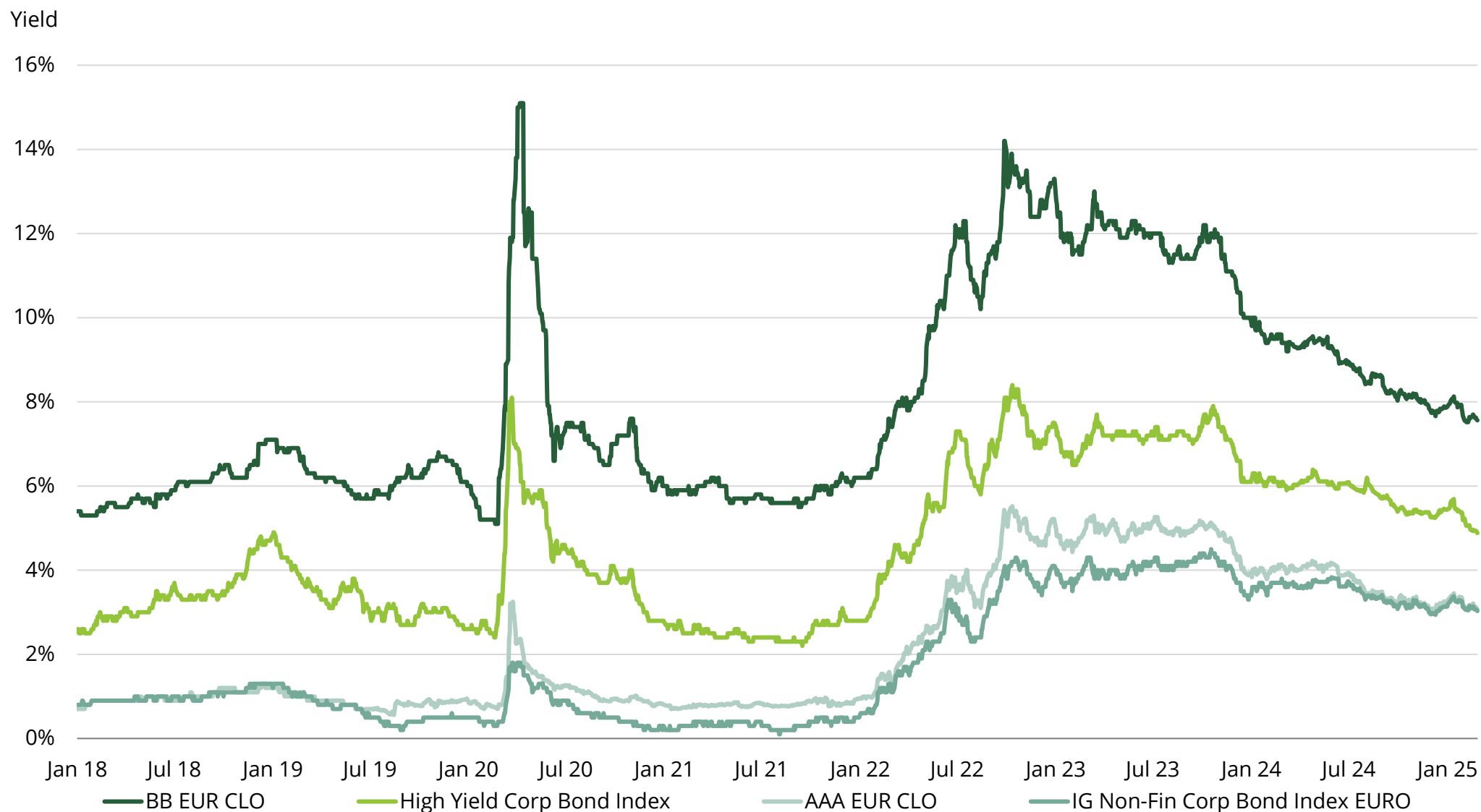


- Since 2002, the annual default rate for sub-IG CLOs has remained <1% – and 0% in post GFC CLO production in Europe
- Peak default rate was in 2002 at 2.53%
- Long-term average default rate for sub-IG corps has been much higher at ~4%
- Of the 22 European CLO tranches that defaulted over the past 25 years, 4 were rated BBB with the remaining rated BB and B – *all of these were issued prior to the GFC*
- The CLOs issued before and after the financial crisis show largely similar structural characteristics, however, they used to be more levered. The credit support for a typical BB tranche used to be at least 3 points lower than the typical BB tranche we buy today

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Data source: S&P Global Ratings; 31 December 2023

# ABS also looks more attractive than Corporate debt



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