

Why income remains king in 2025



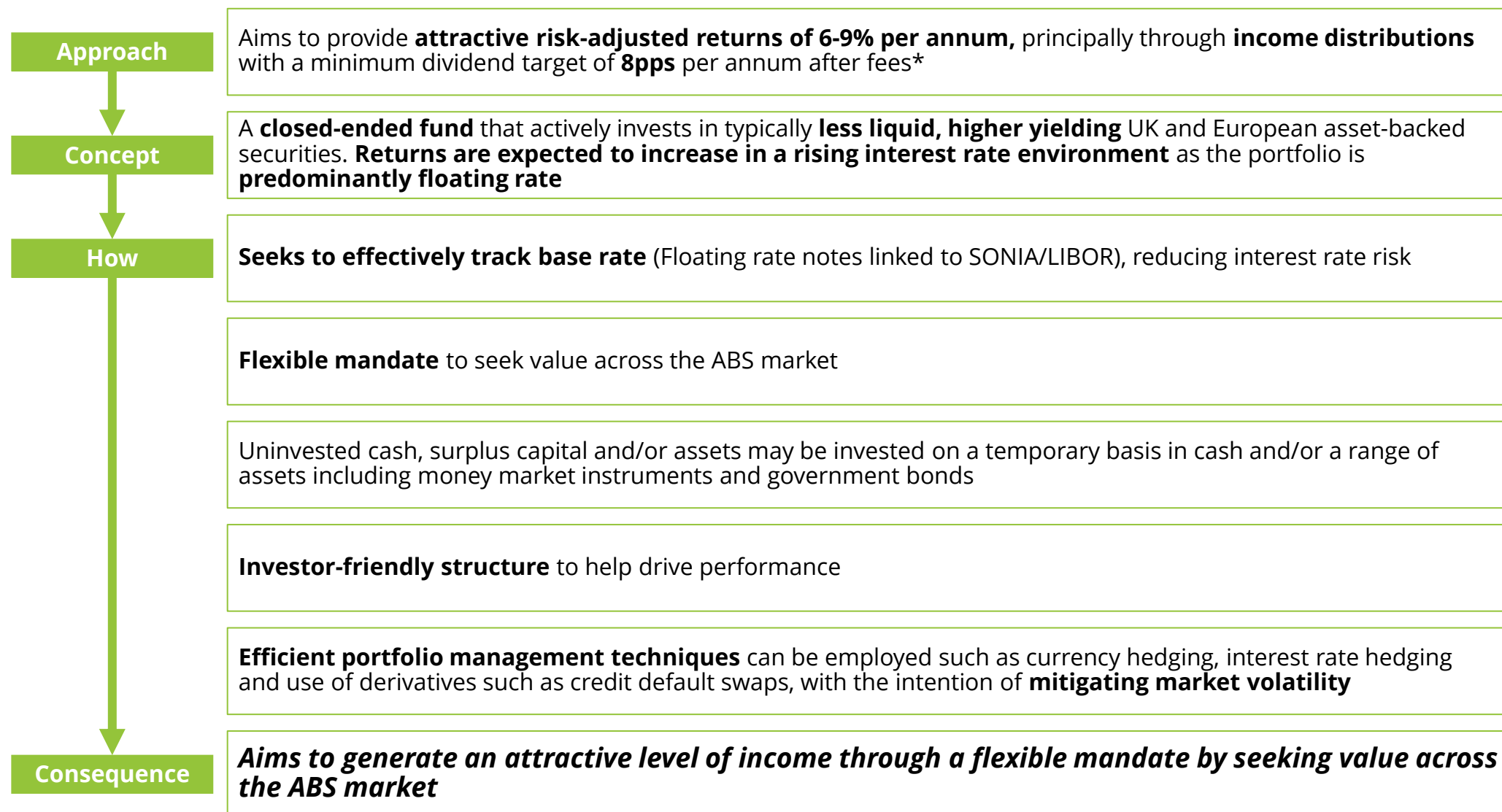
Elena Rinaldi
Portfolio Management
TwentyFour Asset Management



Sam Murphy
Director, Investment Companies
Deutsche Numis

4 March 2025

TwentyFour Income Fund overview



Past performance is not a reliable indication of current or future performance. Subject to change, without notice, only the current prospectus or comparable document of the fund is legally binding. There is no guarantee that the objectives or targets will be met. *This is a target only and does not represent a forecast of TFIF's profits.

TwentyFour Income Fund information



Fund size	£836.8 million
Launch date	6 March 2013
Current mark-to-market yield	11.30%
Purchase yield	11.89%
Average credit rating	BB-
Interest rate duration	0.15yrs
Credit spread duration	2.15yrs
3 year volatility ¹	7.40%
Annualised performance since launch	8.02%
2024 performance	16.92%
2025 YTD performance	1.29%
Investments (no. of issuers)	156
Last 3 yearly realisation option	October 2022
1 year average premium/ discount	-3.56%

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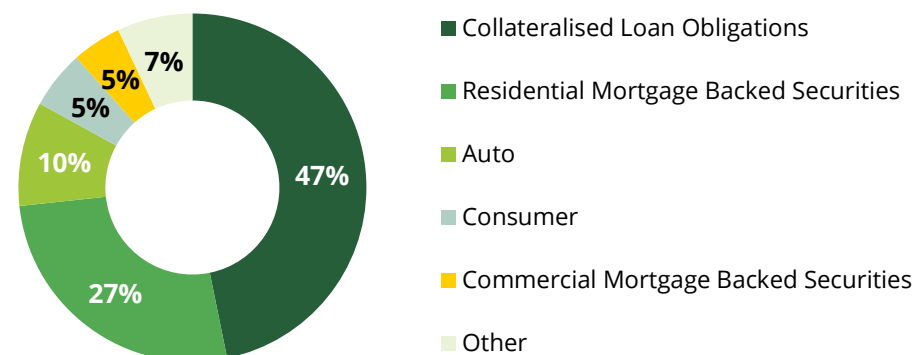
European ABS market overview

Size of market: **€539 bn*** (€8bn issuance year to date)

Themes

- Post QE, banks are increasingly using ABS as a funding tool, which increases diversification
- CLO amortisations and refinancings have resulted in increased AAA demand from CLO investors, especially from Japanese investors.
- Banks offer more mezzanine and junior bonds to investors to reduce capital requirements
- Liquidity has significantly improved following the UK Mini-budget sell off, which proved to be the biggest post-GFC test of liquidity

Collateral pool composition**

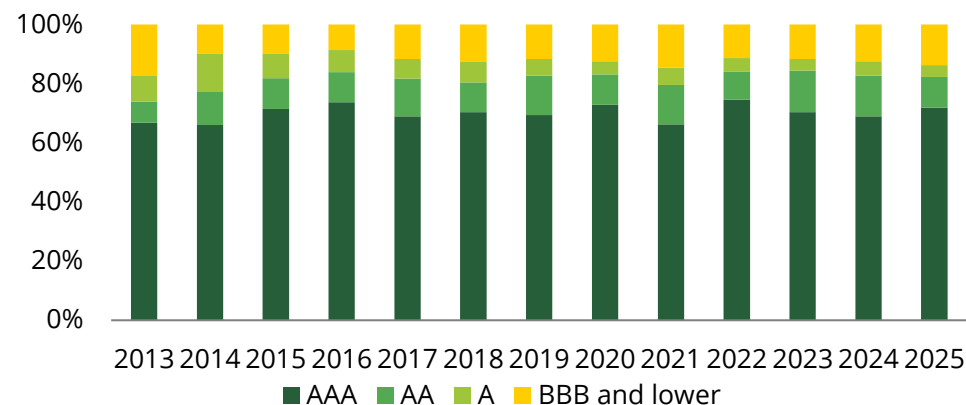


Issuer geography

- UK, Netherlands and Spain are the largest issuers, but other core Europe and periphery also issue ABS
- CLOs include loans from a diverse range of geographies



Issuance by rating*



Included for illustrative purposes only.

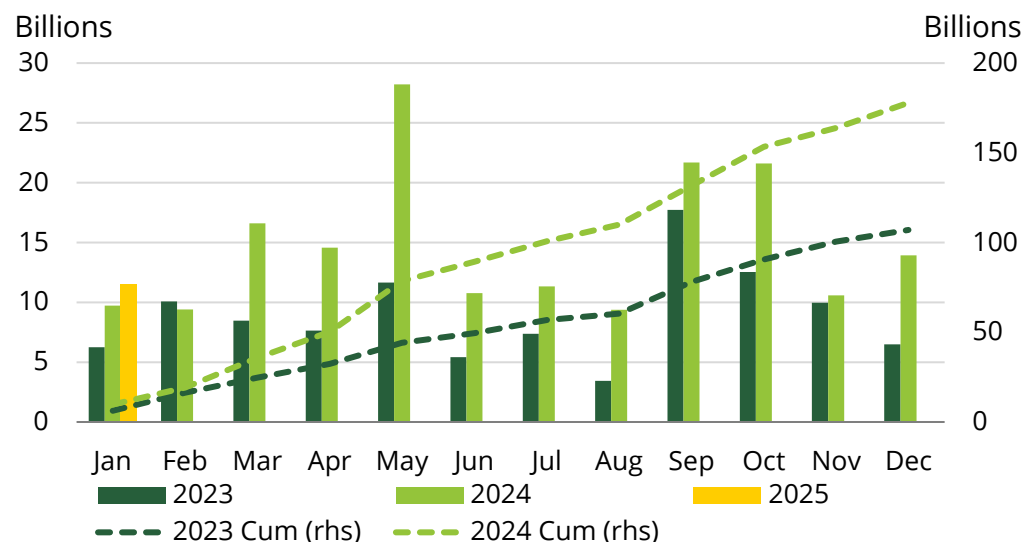
*Data source: JPM International ABS, CB Research, Morgan Stanley; at as 31 January 2025

**Other includes assets such as SME ABS, Leases, Credit Cards and Student Loans

A healthy growth in European ABS market

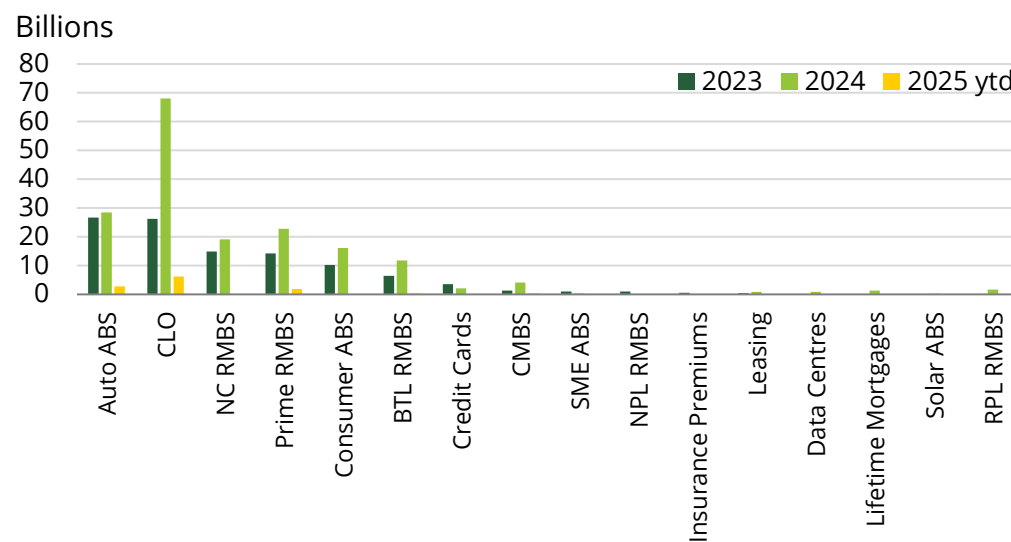
Issuance timeline, €m

Strong growth, set to record post material post GFC record



Issuance by sector

CLO issuance far exceeds 2023 already



Increased bank issuance post QE



UK RMBS and CLOs are over half of all primary

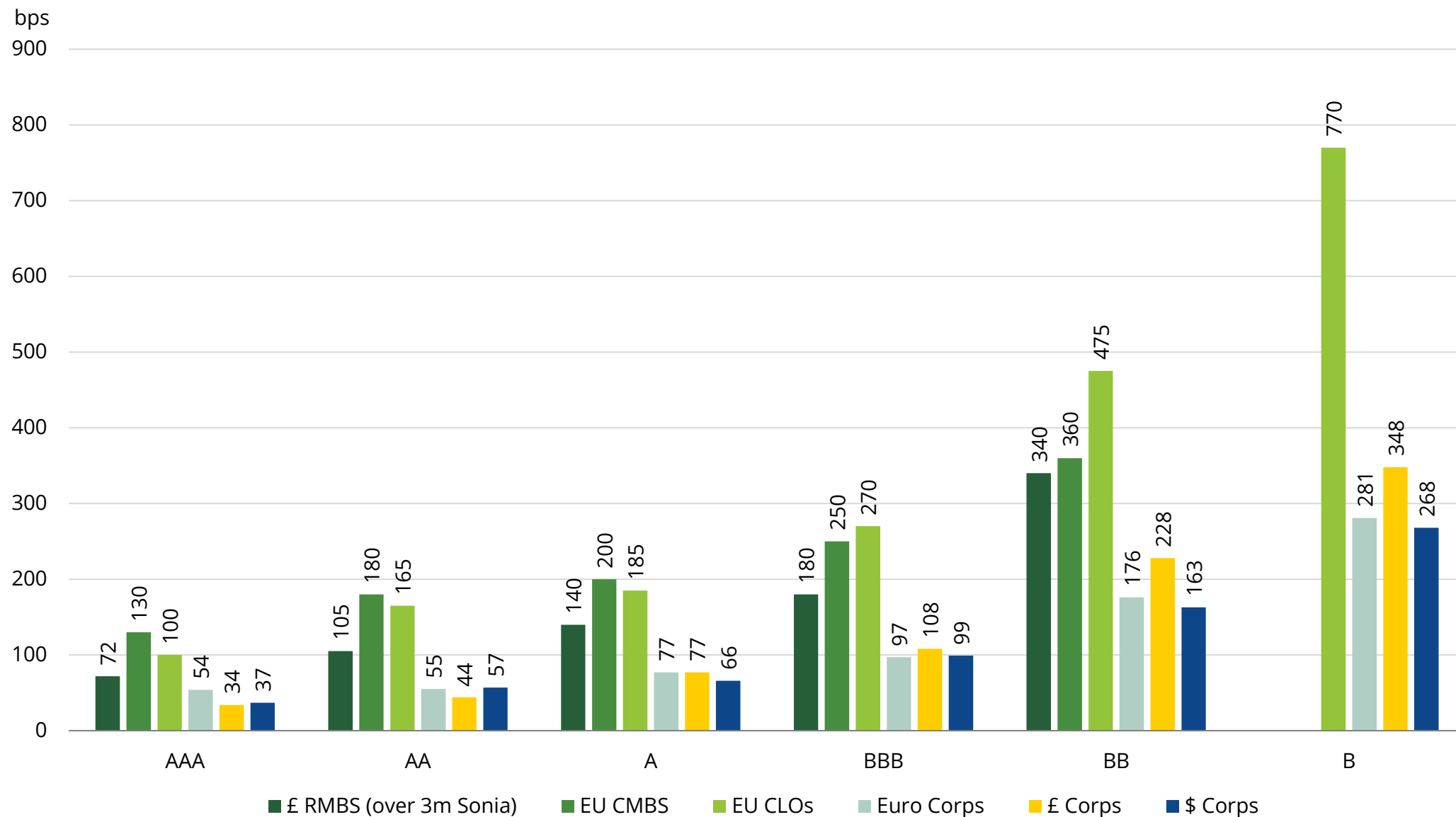


Elevated CLO volumes



Strong book coverage

Relative value: ABS vs. corporate spreads by rating and asset class



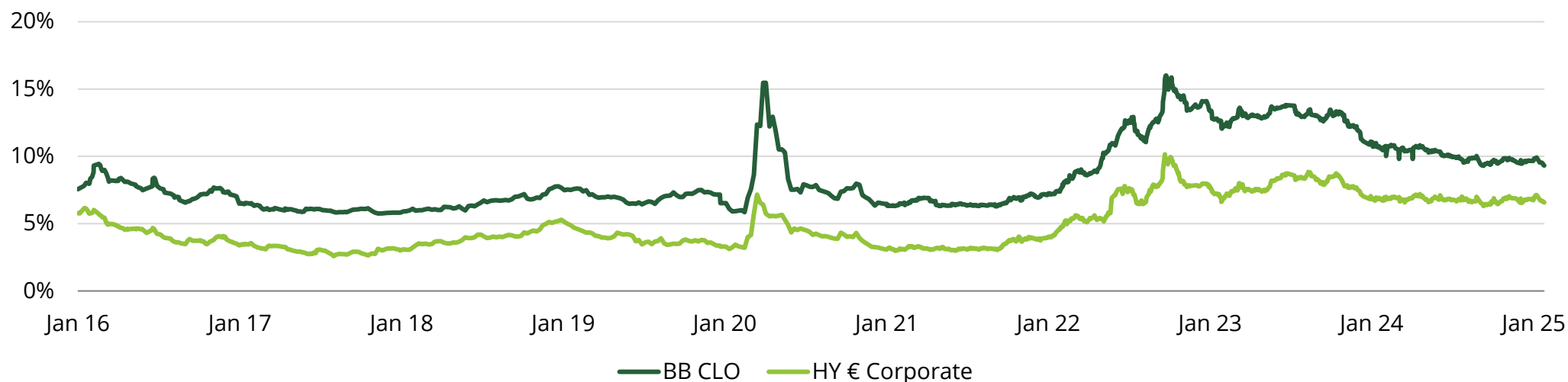
Included for illustrative purposes only.

Data source: TwentyFour, ICE Indices, Citi Velocity, Morgan Stanley; 20 February 2025

Relative value: ABS vs. corporate yields

Asset class	Average rating	Yield (£)	Maturity (years)	2024 performance (local ccy)
HY Mezz RMBS	BB	8.2%	3.5	14.4%
BB CLO	BB	9.3%	7.2	16.9%
B CLO	B	12.5%	7.2	26.1%
Euro HY Corporate	BB-	7.0%	3.7	8.5%
GBP HY Corporate	B-	7.5%	3.4	10.7%
Euro Leverage Loans	B	9.2%	5.0	9.1%
AT1/Coco	BB-	6.3%	Perp	9.6%

Forward yield (GBP)

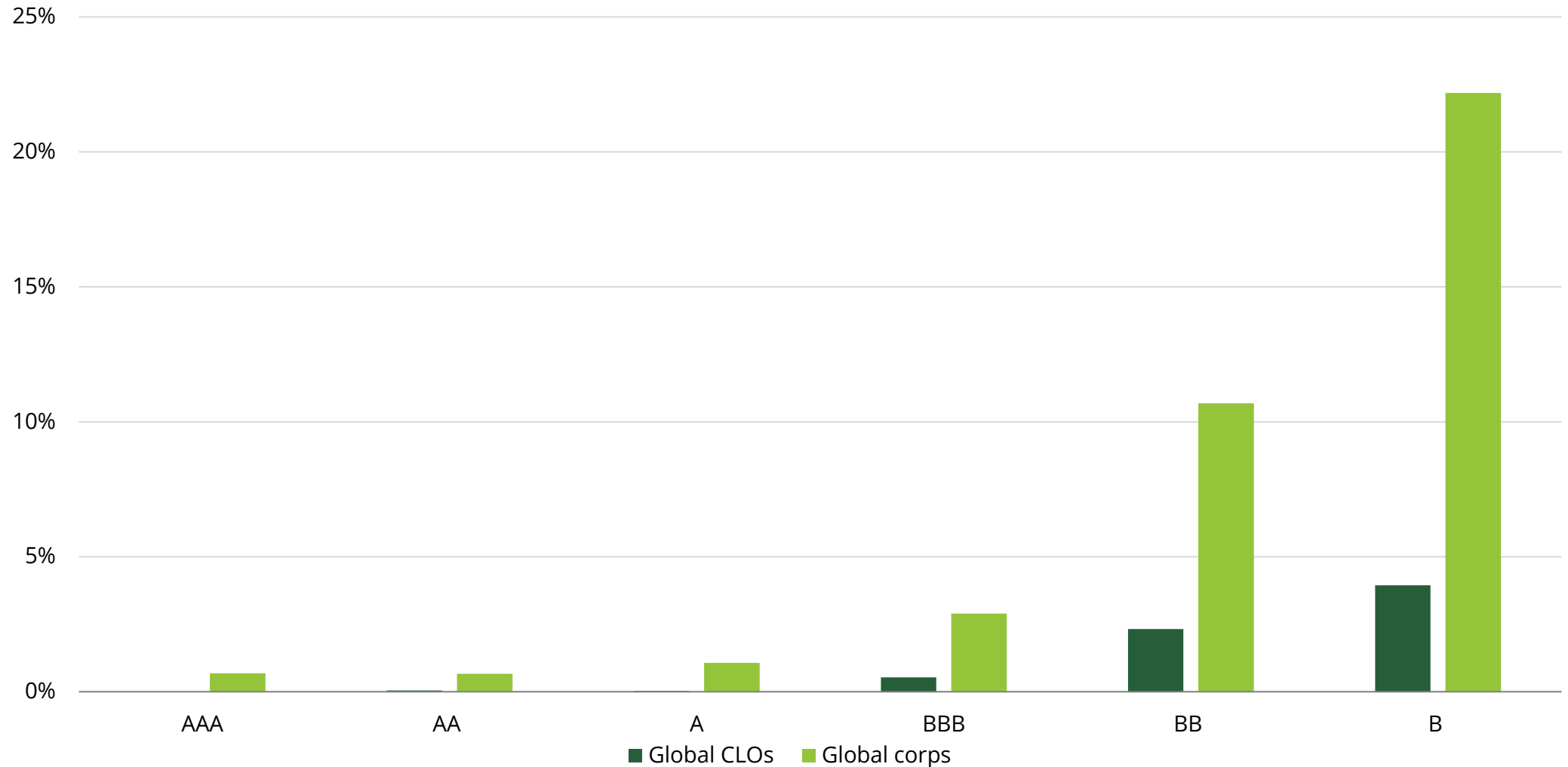


Past performance is not a reliable indicator of current or future performance. Included for illustrative purposes only. Performance for the indices are all in local currencies unless stated otherwise. It is not possible to invest directly into an index and they will not be actively managed.

Data source: ICE Indices, Bloomberg, CitiVelocity, Intex, BAML, Morningstar, TwentyFour; As at 31 January 2025

Default rates: CLOs vs. corporates

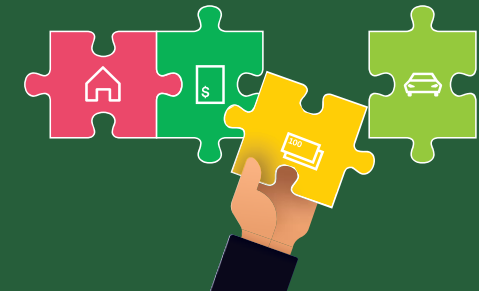
10-year cumulative default rates of global CLOs and corporates between 1997-2023 and 1981-2023, respectively



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Data source: S&P default study, 2023

Themes & positioning



Carry expected to drive returns over the **medium term**



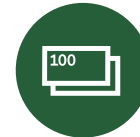
A search for **yield** benefits higher spread products like **CLOs**



Geopolitical risks remain a key consideration



Need to maintain **stronger credit quality**



Liquidity and flexibility are increasingly important



We continue to favour **Secured Western European** assets



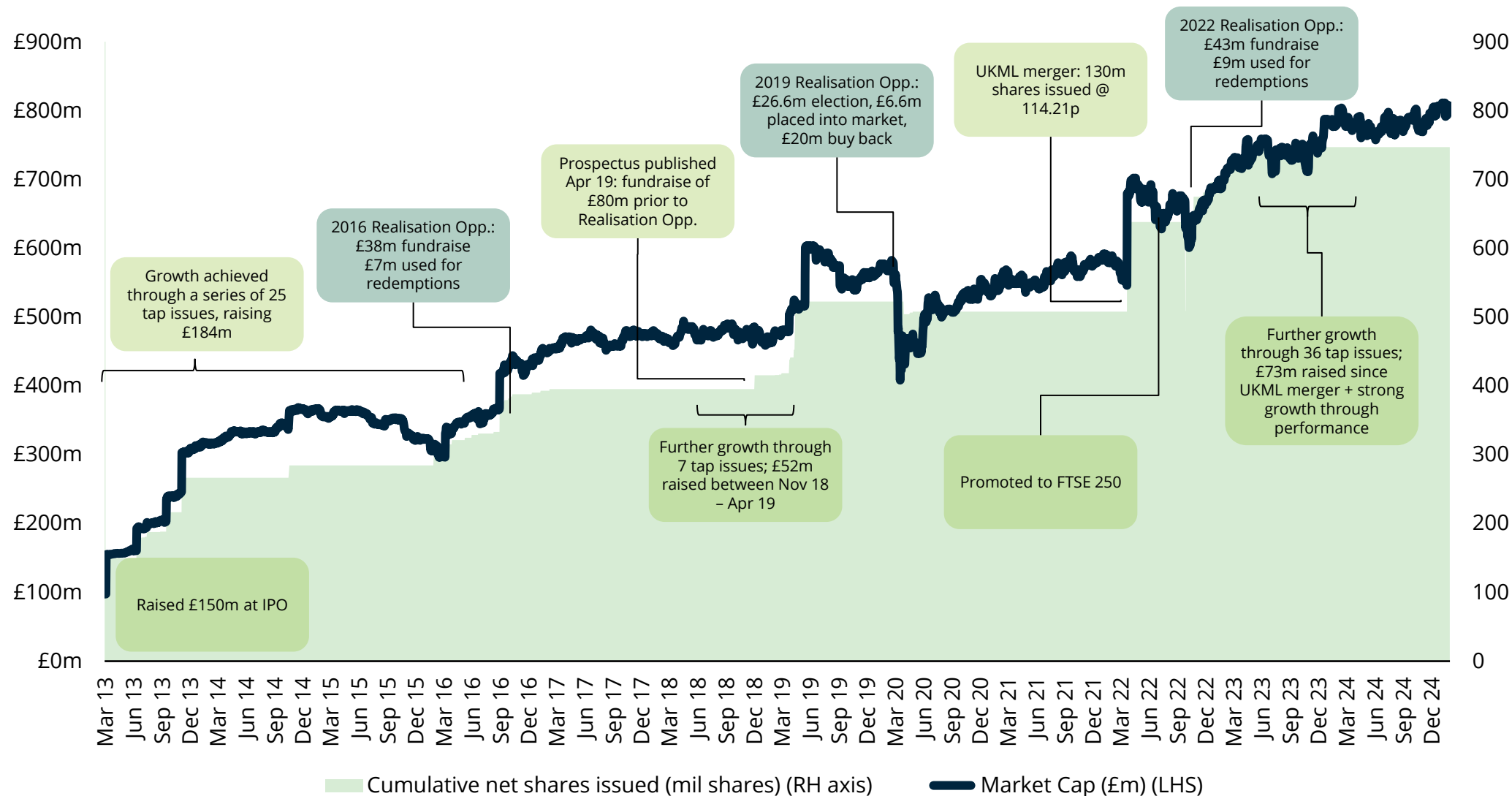
Increasing diversification as banks are using ABS more as a funding tool post QE



Favour large and liquid platforms with a proven track record over new specialist lenders

TFIF's story since IPO

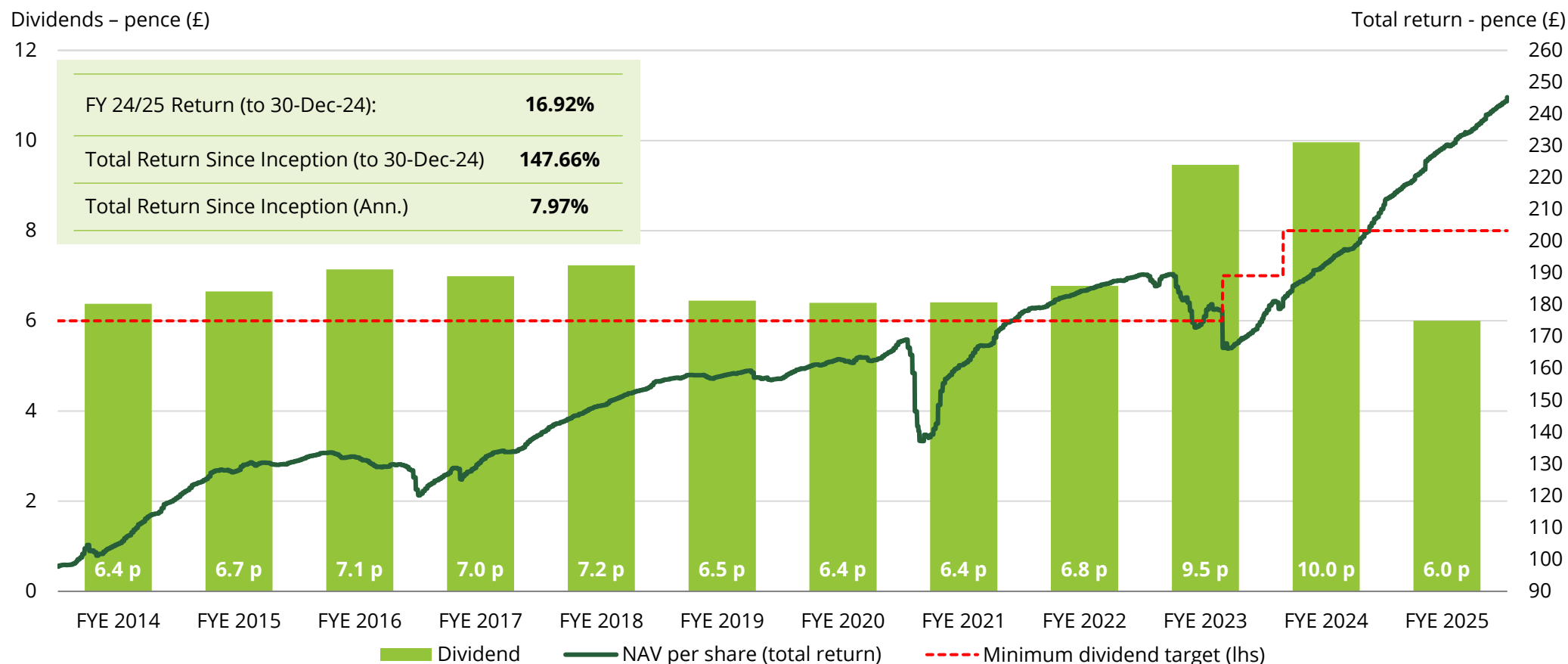
Issuance reduced in recent times but growth trajectory through performance remains



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Data source: Refinitiv Eikon Datastream; 31 January 2025

TwentyFour Income Fund total return and yearly dividends



	Annualised									
	1 month	3 months	6 months	1 year	3 years	5 years	10 years	Since inception*		
NAV per share incl. dividends	1.29%	3.74%	6.57%	15.18%	8.97%	7.82%	6.51%	8.02%		

Discrete performance	YTD 2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
NAV per share incl. dividends	1.29%	16.92%	20.40%	-8.84%	7.85%	5.97%	5.04%	2.39%	13.51%	4.28%	-0.12%

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Trade examples – what we like



Mezz RMBS

Issue	TOGET 2023-1ST1X E
Deal Size	£420m
Asset type	UK Non-Conforming RMBS
Sponsor	Together Mortgages
Rating	BB
Maturity	April 2027
Yield £	10.4%
Commentary	<ul style="list-style-type: none"> Established lender with 50 years experience and a strong track record across residential and commercial lending Robust collateral performance, accompanied by very low losses



Significant Risk Transfers

Issue	MUSSB 2024-2
Deal Size	£1,500m
Asset type	UK Corporate SRT
Sponsor	Lloyds Bank
Rating	NR
Maturity	November 2029
Yield £	13.59%
Commentary	<ul style="list-style-type: none"> Strong portfolio of large corporates from the UK, average BBB rating Well capitalized issuer, 17.2% tier one ratio



Junior RMBS

Issue	UKDAC KPF2
Invested Size	£10.9m
Asset type	UK Mortgage forward flow
Sponsor	Cornhill Mortgages 7
Rating	NR
Maturity	September 2029
Yield £	13.8%
Commentary	<ul style="list-style-type: none"> Prime BTL mortgage forward flow, with a current LTV of 75%, which has produced four public securitisations to date No losses realised following more than £1.7B of loan origination



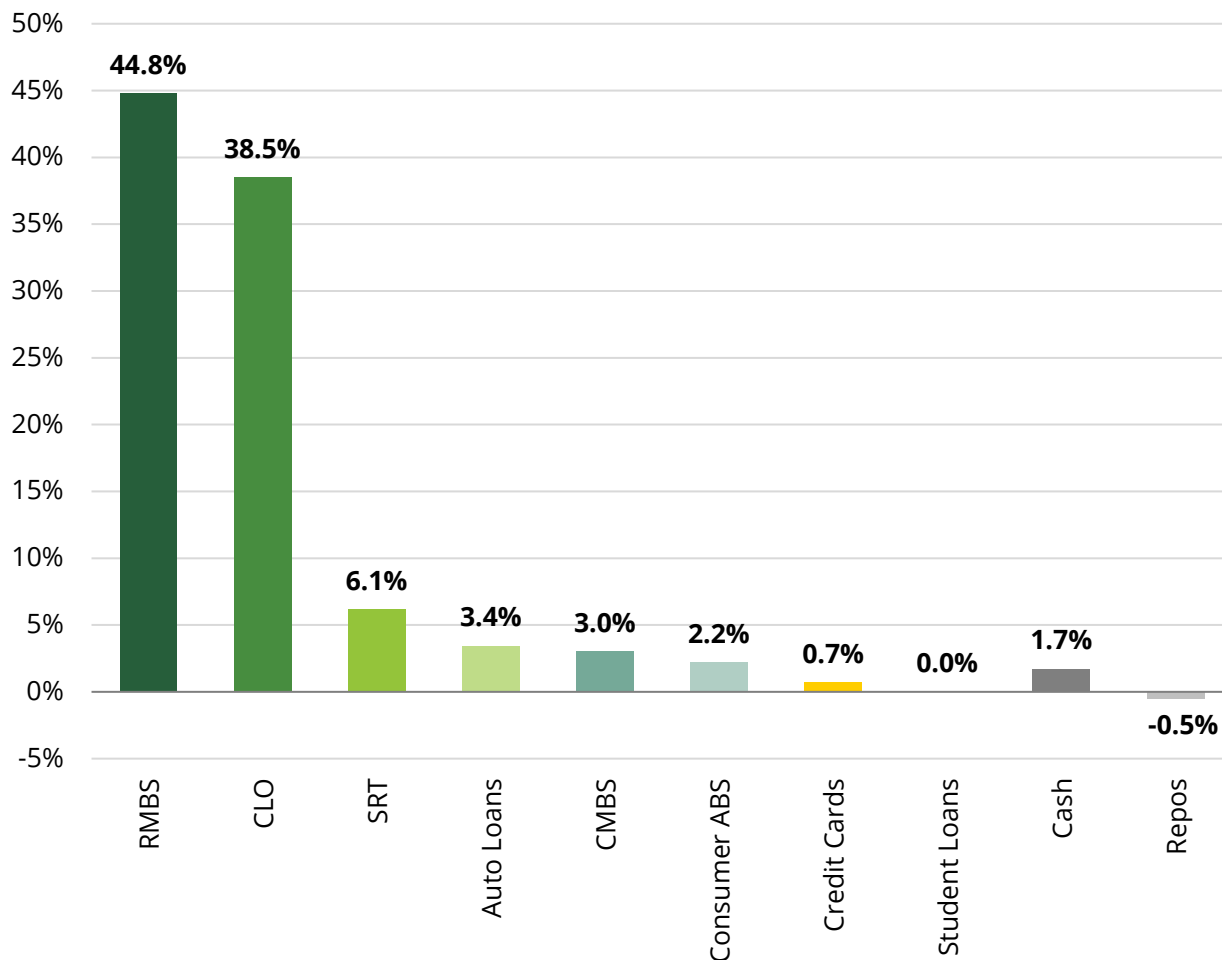
European B CLO

Issue	AVOCA 30X F
Deal Size	€409m
Asset type	European CLO
Sponsor	KKR
Rating	B
Maturity	October 2030
Yield £	12.12%
Commentary	<ul style="list-style-type: none"> Managed by KKR, top tier European manager, retaining the subordinated notes Clean portfolio: 0% defaults and only 1.7% CCCs in the portfolio. B Tranche has 6.5% credit enhancement

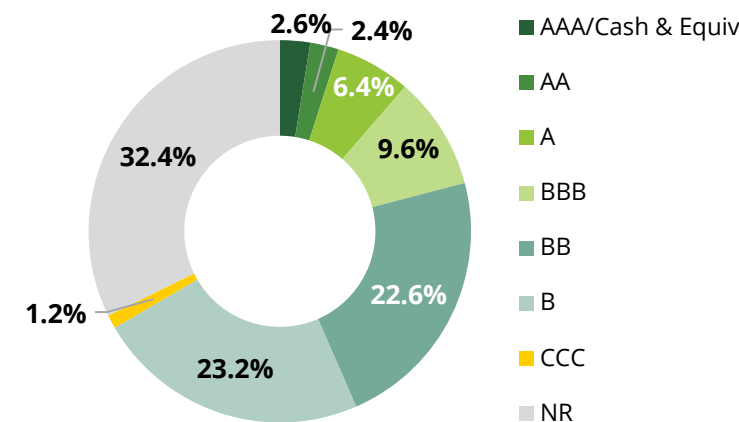
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TwentyFour Income Fund portfolio positioning

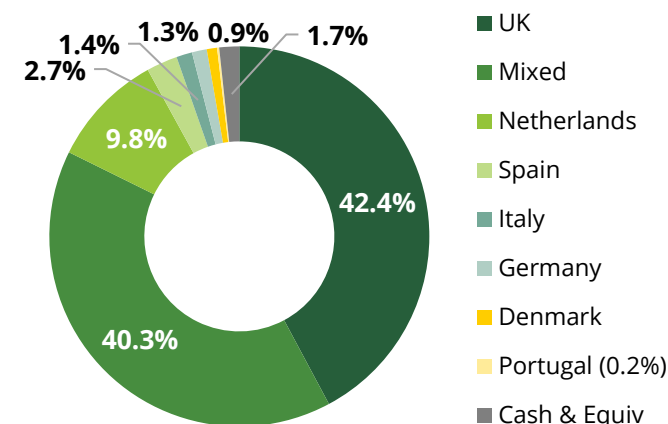
Sector breakdown*



Rating breakdown**

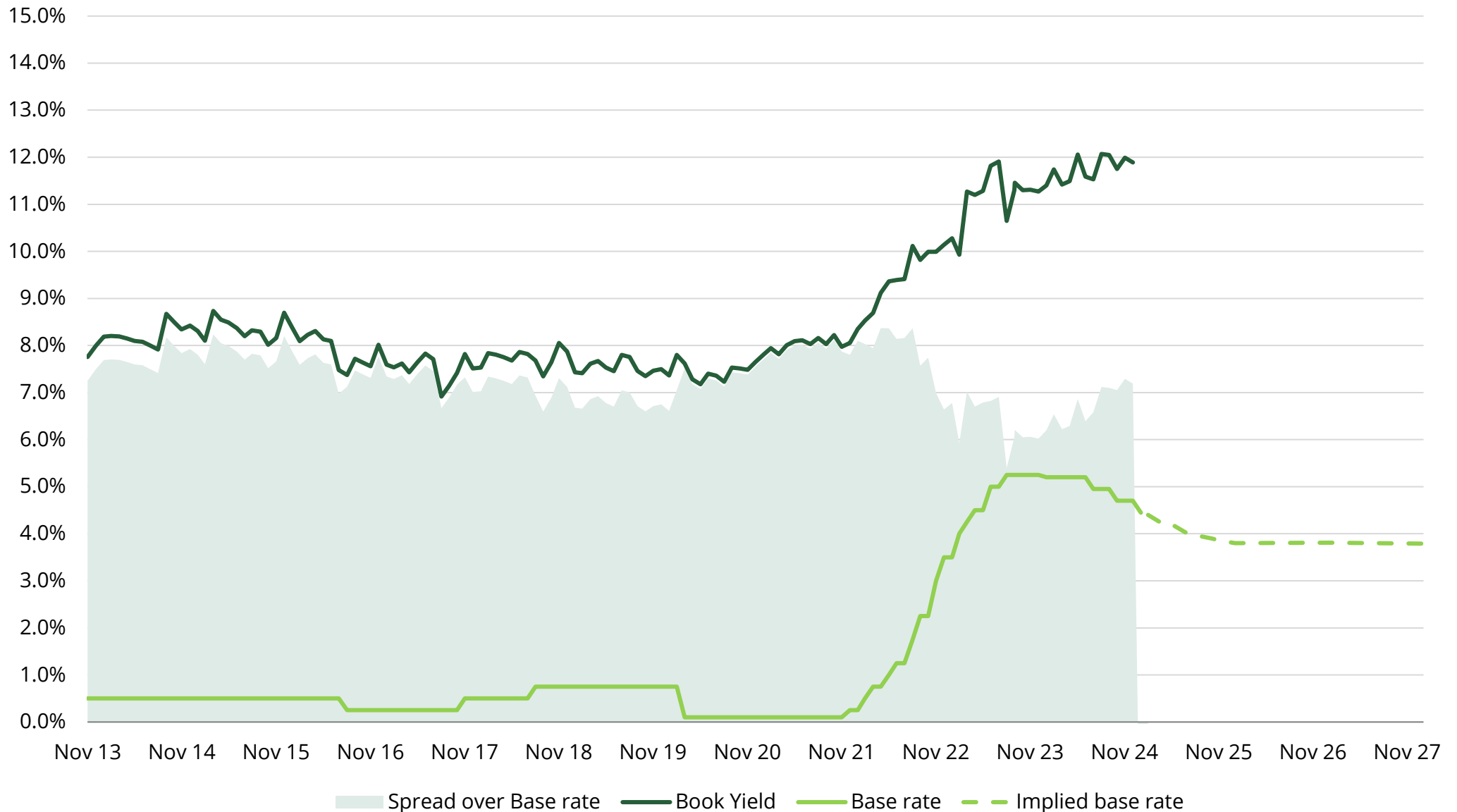


Geography breakdown**



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TFIF's Current book yield vs. BoE cuts



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Q&A

