

Portfolio Strategy

Total return approach: the fund is a multi-sector fixed income (FI) strategy with a genuinely unconstrained investment philosophy and managed independent of market indices. The fund may invest in debt instruments from the whole range of FI assets, including IG and HY bonds, Govies and asset-backed securities (max. 20%).

Key Features

Asset Manager	Vontobel Asset Management S.A.
Net Assets Value	3 807 (Mn Euro)
Inception Date	30.11.2015
UCITS	Yes
Base Currency	Euro
Liquidity	Daily
Share Class*	Euro Inc
Management Fees* (%)	0.60%
Performance Fees	No
CH Registered	Yes
Yield to Maturity	9.3
Duration	4.0
Average Rating	BBB-

Portfolio Style

Duration Management	Passive	Active
Issuer Type	Corporate	Sovereign
Credit Quality	HY	IG
Regional Exposure	DM	EM
Currency Exposure	Hedged	Non-Hedged
Investment Process	Bottom Up	Top Down

Investment Rationale

Active and flexible exposure to FI with an unconstrained investment philosophy. The team is constantly looking for relative value opportunities within the FI irrespectively of indices. The fund is allowed to have an interest rate duration and credit duration from 0 to 7 years, to have an average credit rating of IG or below IG and in adverse market environment to be exposed up to 100% in money market instruments.

Investment Philosophy

The top down view is the most important process as it will ascertain the sector allocation of the portfolio. While the credit selection plays a more marginal role as a performance driver, both top down and bottom up decisions have been alpha generative in the past.

- **Top down is a collegiate process:** PMs are involved in the asset allocation decisions for all the funds in the team, and in the broader asset allocation framework for all TwentyFour funds.
- **Portfolio allocation:** active allocation according to the key risk metrics (duration, spread duration), geographic and sector preferences with limited constraints.
- **Bottom up:** performed by the PMs. Credit selection requires the unanimous approval from the Credit Committee which comprises the 6 PMs responsible for the Multi-Sector strategy.

Fund Management Team

The Multi-Sector Bond team which runs the TwentyFour Strategic Income Fund is a collegiate team. The team is consisting of 6 PMs and 2 specialists in portfolio optimization. The 6 PMs are part of the Investment Committee (15 members in total) which defines the top down views. When macro perspective is settled, the PMs are in charge to implement it in compliance with the internal guidelines and for the credit selection. The team will also be assisted by the ABS team (9 members) for the bottom up selection.

Strengths

- **Genuinely total return approach:** total return strategies are often too constrained by their investment guidelines. While the fund has some strict investment guidelines (max. 50% in financials, max. 20% in ABS, max. 20% in EM countries), the fund is a real "go anywhere" FI strategy which seeks to capture opportunities wherever they are with a nimble and active mindset.
- **Cumulated and diversified experience:** over the years, TwentyFour Asset Management has built a stable team of talented PMs. This sum of cumulated experience is rarely seen for an investment boutique. Moreover, their collegial approach makes a lot of sense with regards to the management of a multi-sector strategy.
- **Performance:** the fund has recently been impacted by the rise in interest rates in 2022 and by the spread widening on financial subordinated debt at the beginning of 2023. Before that and since then, the fund has performed strongly and, above all, enjoys currently an attractive yield to maturity.

Weaknesses

- **Use of ABS:** most of ABS investment are in European CLOs. Although the use of these instruments is fully justified with regards to the investment philosophy, they can be subject to sudden lack of liquidity.

	1M	YTD	2023	2022	2021	3Y (Ann.)	5Y (Ann.)	Sharpe Ratio 3Y	Volatility 3Y	Max Drawdown 3Y
Fund	1.57	2.60	8.09	-14.11	1.36	-1.31	1.66	-0.28	8.11	-20.56

*ISIN Code: LU1325135033. ISIN used for performance: LU1325135033 Performance data source: Morningstar Direct. Key Points provided by Wealth Solutions Partners SA. - Past performance should not be seen as an indication of future performance. Data as of: 31.03.2024

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