Growing together, with integrity and respect

TwentyFour Monument Bond Fund Manager Review – December 2025

This document provides a comprehensive review of the MI TwentyFour Monument Bond Fund, drawing on fund factsheets, presentations and manager questionnaire responses to assess its strategy, philosophy, performance and role within a diversified portfolio.

Strategy & Objective

Objective

Monument aims to deliver an attractive level of income relative to prevailing interest rates, with a strong focus on capital preservation. It does *not* offer any capital guarantee, but seeks to preserve capital through careful security selection where the managers have high confidence in the issuer's ability to repay.

Strategy in a sentence:

A high-quality, floating-rate, investment-grade ABS fund designed to track base rates (SONIA) while harvesting credit spread, with minimal interest-rate duration and low volatility.

Key features:

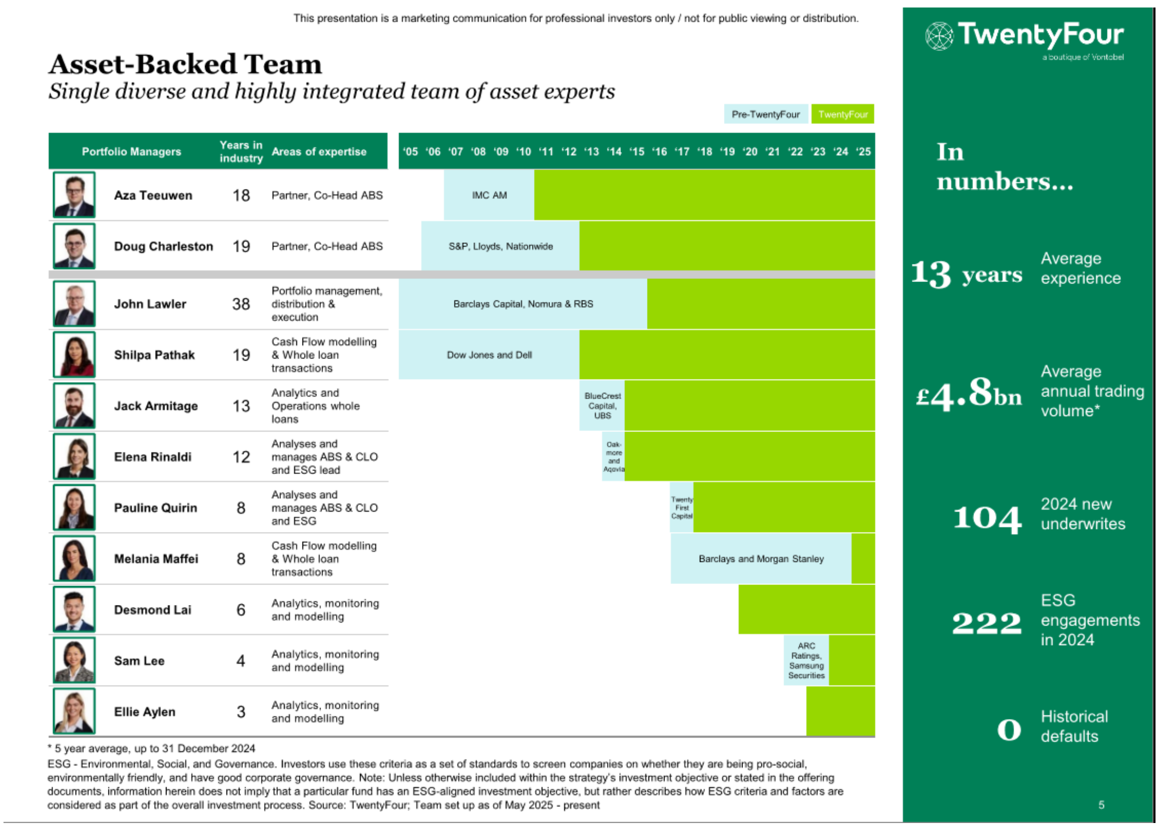
- Invests at least 80% in European/UK/Australian investment-grade ABS (inc. RMBS, CMBS/CRE ABS, auto loans, SME loans, consumer ABS and CLOs), all rated at least BBB- at purchase.
- All holdings are floating-rate, so the fund aims to "remove" interest-rate risk and instead take credit spread risk.
- Currency exposure is fully hedged back to GBP via short-dated forwards.

- Target outcome: “cash plus” return profile with better credit quality and low volatility compared with traditional corporate bond funds.

As at 31 Oct 2025 the fund size is c. £2.16bn, with a mark-to-market yield of 5.6%, average rating AA-, interest-rate duration 0.14 years, credit spread duration 3.05 years, and 3-year volatility of 1.4%.

Team & Resources

Monument is run by TwentyFour’s dedicated Asset-Backed Securities (ABS) team, part of a fixed-income only boutique with total AUM around £23.6bn.

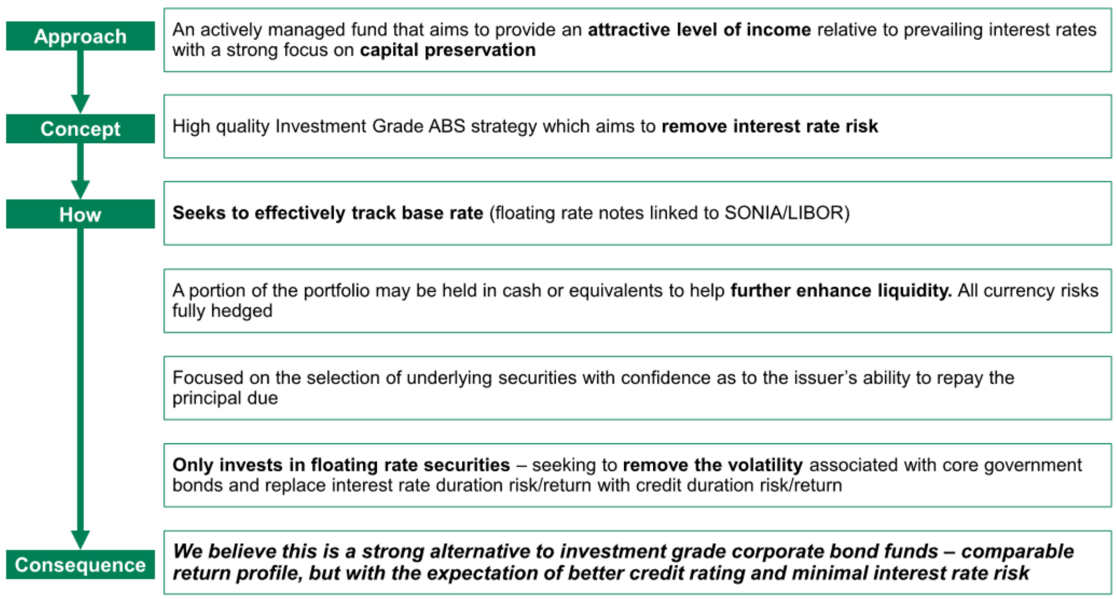


- Co-Heads of ABS: Aza Teeuwen and Doug Charleston, both long-standing structured-credit specialists.
- The ABS desk is a single, integrated team of portfolio managers, analysts and modellers with backgrounds across buy-side, sell-side, ratings and structuring.
- Team stats (ABS platform): c. 13 years’ average industry experience, ~£4.8bn average annual trading volume, 104 new deals underwritten in 2024, 222 ESG engagements in 2024, and notably no historical defaults across their ABS strategies.

Risk management is supported by an independent Risk Management function (CRO + five analysts) that runs daily risk reports, monitors guidelines in real time via Bloomberg CMGR and internal systems, and reports to a Risk & Compliance Committee.

Overall, this is a specialist, well-resourced team with a long, consistent focus on European ABS and a strong culture of credit analysis and engagement.

Investment Process



Top-down framework

- A firm-wide Investment Committee meets monthly, led by senior PMs, to assess macro fundamentals, valuations, technicals, sentiment, and relative value across global fixed-income sectors (govvies, IG, HY, ABS, etc).
- Output is a ranked view of sub-asset-class attractiveness and guides how much risk the ABS team should take and in which sectors.

Bottom-up ABS selection

- ABS is treated as a data-rich sector that lends itself to quantitative cash-flow modelling combined with qualitative due diligence on originators, underwriting standards and servicing.
- The team is a major participant in European primary ABS, often seeing deals pre-marketing and negotiating improved spreads or structural protections.
- Internal modelling complements vendor “black box” tools, giving transparency over default, prepayment and loss-severity assumptions.

Portfolio construction & constraints

- Typically 400 line items across about 250 issuers, sized using a mix of conviction and risk-based limits, with additional attention to liquidity (bid-offer spread and depth).
- Hard constraints include:
  - Min 80% in European/UK/Australian IG ABS
  - Max 50% per ABS sector
  - Max 75% per country
  - Sub-investment-grade exposure capped at 5%, and cannot be bought new (legacy only).
  - UCITS issuer limits (5%/10%–40% rule) with stricter internal caps.
- Turnover is modest at 30–40%, consistent with a buy-and-hold, cash-flow driven style, trading mainly when relative-value opportunities justify it.

Derivatives & currency

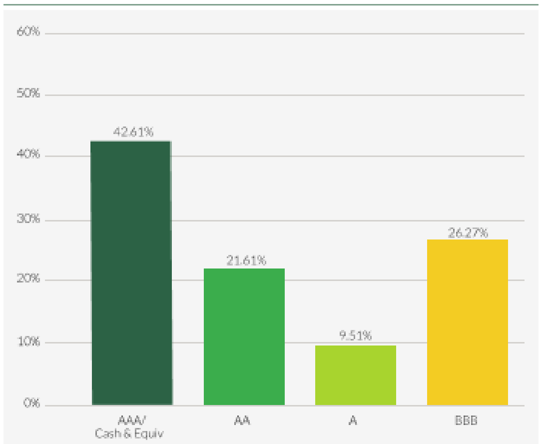
- Derivatives (incl. credit derivatives) are used to fine-tune exposures or hedge risk rather than to add leverage.
- All FX risk is hedged back to GBP using short-dated forwards, rebalanced when exposures move beyond agreed bands.

ESG integration

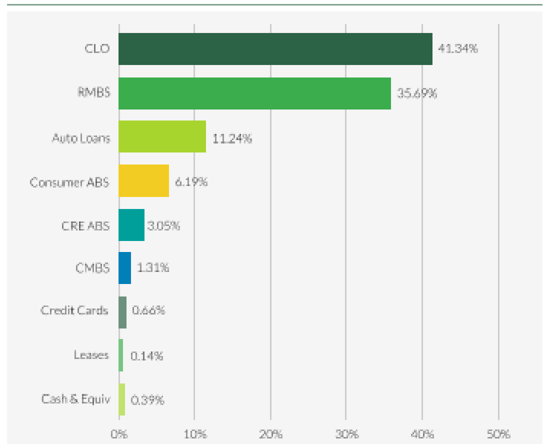
- ESG is integrated, not a labelled sustainable strategy. The ABS team is described as an ESG leader in the market, with the ability to screen and select deals based on ESG factors and regular engagement with originators/servicers.
- ESG scores by sector and geography (shown in the factsheet) are typically in the low-to-mid 60s/70s, suggesting a bias to higher-scoring issuers.

Portfolio Characteristics (as at Oct 2025)

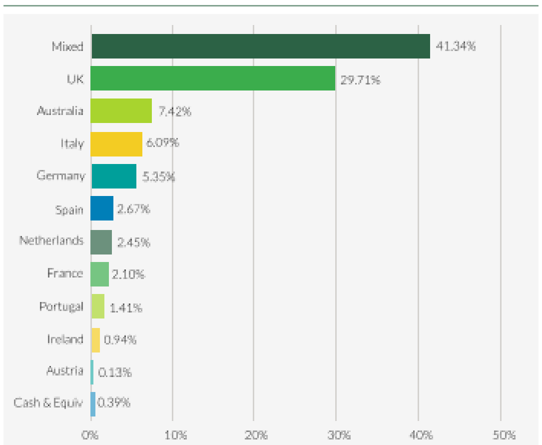
Rating Breakdown



Sector Breakdown

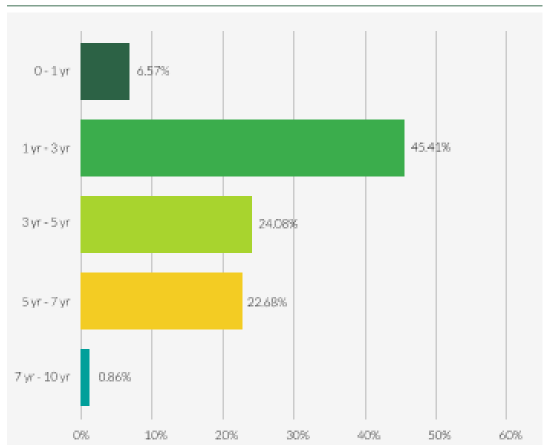


Geographical Breakdown



Calculated on a direct exposure basis.

Weighted Average Life Breakdown



Calculated as the expected maturity date or call date or as the weighted average life for amortising Asset-Backed Securities.

Positioning numbers are rounded to nearest integer and therefore only approximate.

Credit quality & duration

- Average credit rating: AA- with the rating mix approx. 43% AAA/cash, 22% AA, 10% A, 26% BBB.
- Interest-rate duration: 0.14 years – effectively negligible relative to typical corporate bond funds.
- Credit spread duration: 3.05 years; WAL 3.4 years.

Sector breakdown

- CLOs: 41%
- RMBS: 36%
- Auto loans: 11%
- Consumer ABS: 6%

- CRE ABS: 3%
- CMBS, credit cards, leases and cash make up the balance.

Geographic exposure

- Collateral is diversified across the UK, continental Europe and Australia, with some mixed pools:
  - UK 30%, Australia 7%, Italy 6%, Germany 5%, Spain 3%, Netherlands 3%, France 2%, Portugal 1%, plus "mixed" multi-jurisdiction pools 41% and small "other".

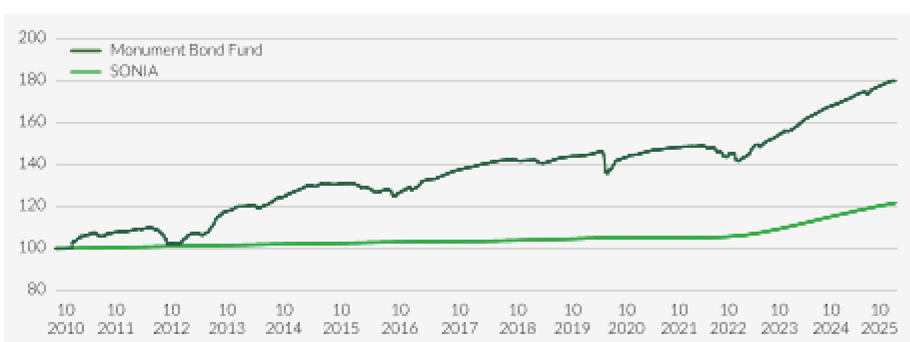
Yield & income

- Current mark-to-market yield c. 5.6% (hedged, gross of expenses), with biannual income distributions.

In practice, this is a diversified, high-quality ABS book taking moderate credit spread risk with very low interest-rate risk.

Performance

Performance



					Annualised			
Cumulative Performance	1m	3m	6m	1y	3y	5y	10y	Since Inception*
Class I Acc (Gross)	0.14%	1.16%	3.32%	5.67%	8.18%	4.47%	3.56%	3.69%
SONIA	0.34%	1.01%	2.09%	4.45%	4.69%	2.98%	1.70%	1.22%

Discrete Performance	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Class I Acc (Gross)	4.59%	7.88%	10.20%	-2.63%	1.91%	0.47%	3.07%	-0.01%	5.30%	4.46%	-1.89%
SONIA	3.63%	5.20%	4.71%	1.41%	0.05%	0.19%	0.71%	0.56%	0.25%	0.36%	0.46%

From inception in August 2009 to 31 October 2025:

- Annualised return since launch: 4.0% p.a., vs SONIA 1.2% p.a. (roughly +2.8% p.a. excess).

- Over the last 10 years, the fund has returned 3.8% p.a. vs SONIA 1.7% p.a.
- Last 5 years: 4.7% p.a. vs 3.0% p.a.
- Last 3 years: 8.5% p.a. vs 4.7% p.a.

Calendar years:

- 2025 YTD: 4.8% vs SONIA 3.6%
- 2024: 8.1%; 2023: 10.5%; 2022: -2.4%; 2021: 2.2%; 2020: 0.7%.

Given its 3-year volatility of 1.4%, this represents a strong risk-adjusted return profile relative to cash and short-duration credit.

Strengths

1. **Specialist ABS expertise**
   - Deep, long-only ABS track record, with no historical defaults in team-managed ABS strategies and significant primary-market influence.

2. **High credit quality, low duration**
   - AA- average rating and predominantly AAA/AA tranches, with minimal rate risk due to floating-rate structures.

3. **Attractive income vs cash with limited volatility**
   - Yield around 5.6% with very low volatility compared to corporate bond funds, and a long history of outperformance vs SONIA.

4. **Robust risk & ESG framework**
   - Clear limits by sector, country and rating; independent risk oversight with daily reporting; ESG integrated and substantial engagement activity.

5. **Diversification benefits**
   - ABS credit risk drivers (household mortgages, auto loans, SME loans) can behave differently to corporate credit and are often under-represented in traditional bond portfolios.

Key Risks & Limitations

1. **Complexity and transparency**
   - ABS/MBS structures can be more complex and underlying loan pools may be less transparent, with risks around defaults, prepayments and structural features (e.g. call, extension, or contraction risk). Monument argue they offer better transparency vs corporate bonds. With

investors in ABS receiving frequent reporting detailed enough to view the performance of each individual loan in the asset pool, enabling investors to conduct their own research and have confidence in performance.

2. **Liquidity risk**
    - ABS markets can be seen as less liquid in stress periods, and bid–offer spreads can widen materially. While Monument focuses on investment-grade, this risk remains and justifies its use as part of a diversified portfolio rather than a "cash substitute." Monument further state that *"the vast majority of senior tranches in the European ABS market are eligible collateral for central banks, and are therefore highly liquid"*.

3. **Credit risk and tail events**
    - The fund is exposed to credit risk in mortgages, consumer loans and CLO collateral; severe macro shocks or housing market stress could drive elevated defaults even in senior tranches, though historical data suggest actual losses have been minimal in UK/European prime RMBS. Monument state *"to see losses in RMBS, you'd need to see severe house price drops coupled with home owner defaults (house price drops alone wouldn't cause losses)."*

4. **Sustainability/ESG expectations**
    - ESG is integrated but this is not a labelled sustainable or Article 8/9 product; holdings may not always align with specific client values.

5. **Concentration in ABS as an asset class**
    - While well diversified by issuer and sector, the fund is a single-asset-class ABS strategy; it should not replace broader bond exposure on its own.

Role in a Portfolio / Retirement Strategy

For diversified, outcome-focused portfolios, Monument can be viewed as:

- A defensive, income-oriented credit allocation, sitting between cash/short-duration credit and traditional investment-grade corporates.
- A "cash plus" diversifier for the lower-risk bucket of a Centralised Retirement Proposition, where the aim is to generate real income above base rates with limited drawdowns.
- A useful component for clients concerned about duration risk (e.g. in a rising or uncertain rate environment), as the fund's floating-rate profile keeps interest-rate sensitivity very low.

- In retirement portfolios, it fits naturally within the short-to-medium-term income/capital-preservation sleeve, supporting regular withdrawals while dampening volatility relative to equities or longer-duration bonds.

It should be combined with other high-quality government and corporate bond funds to ensure broader exposure to different credit drivers and to avoid over-reliance on ABS liquidity.

Points of Difference

Compared with traditional IG corporate bond funds or short-duration credit, Monument stands out for:

- Pure focus on investment-grade ABS rather than corporates.
- Floating-rate only holdings, meaning almost zero interest-rate duration.
- Long track record across multiple market cycles (since 2009).
- A specialist team with 0 historical defaults and strong primary-market access.
- Integrated but pragmatic ESG, with high engagement volumes in a segment where data and standards are still evolving.

Summary & Money Wise UK View

In summary, the TwentyFour Monument Bond Fund is a high-quality, specialist ABS strategy aimed at delivering cash-plus income with strong capital-preservation credentials and minimal interest-rate risk. Over more than 15 years it has produced attractive excess returns over SONIA with very low volatility, supported by a deep, experienced ABS team and robust risk controls.

Money Wise UK view:

- Positives – We view Monument as a credible, well-run solution for advisers seeking to enhance income in the defensive sleeve of portfolios without materially increasing duration risk. The combination of AA- average credit quality, floating-rate coupons and a long, consistent track record is compelling, particularly in environments where carry rather than capital gains is expected to drive fixed-income returns.
- Caveats – The strategy is structurally complex and heavily reliant on the manager's expertise in structured credit and ABS modelling. It is best used by firms who understand ABS (or are comfortable relying on TwentyFour's specialist capability) and who are prepared to explain the nature of the underlying assets to clients in clear, non-technical terms. It should sit alongside simpler bond holdings rather than replace them. Please refer to the caveats provided by Monument/TwentyFour.

Used appropriately, Monument can be a valuable building block within a diversified fixed-income allocation, particularly for retirement-focused portfolios where income, capital preservation and low volatility are key objectives.

Additional Note

Feature	Monument Bond Fund	Corporate Bond Fund
Asset Type	ABS/MBS (structured finance)	Corporate bonds (financials, corporates)
Interest-Rate Risk	Very low (floating rate)	High (duration 6 years)
Credit Quality	AA- average	BBB+ average
Yield	5.6%	5.3%
Volatility	Very low (1.4%)	Moderate to high
Best Environment	Rising/uncertain rates; cash-plus income	Falling or stable rates; tightening credit spreads
Worst Environment	ABS liquidity stress	Rate shocks (2022), spread widening
Typical Use	Defensive income / CRP safe bucket	Core fixed-income building block
Key Risks	ABS liquidity & complexity	Duration risk & credit cycles

Money Wise UK View

Both funds are strong in their respective areas, but they solve very different problems:

- **Monument** is a *defensive, low-volatility, floating-rate ABS fund* built for income stability and capital preservation—excellent for CRP decumulation.
- **Corporate Bond Fund** is a *core IG credit strategy* delivering long-term corporate spread exposure with duration sensitivity—better suited to accumulation or balanced portfolios.

Together, they complement each other well and can provide a diversified, robust fixed-income allocation within a financial planning framework.

Disclaimer

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Review Completed: December 2025