

Monthly commentary / 30.1.2026

Vontobel Fund – TwentyFour Asset Backed Securities

Marketing document for institutional investors in: AT, CH, DE, DK, ES, FI, FR, GB, IT, LI, LU, NL, NO, SE, SG (Professional Investors only).

Investors in France should note that, relative to the expectations of the *Autorité des Marchés Financiers*, this fund presents disproportionate communication on the consideration of non-financial criteria in its investment policy.

Summary

- Global markets performed well during January, including European securitised products. The primary market opened with strength, particularly in the collateralised loan obligation (CLO) market. There was €7.9bn of issuance in the asset-backed security (ABS) market, which was complimented by €4.9bn of CLO refinancing. Secondary supply picked up significantly.
- January was an active month for the Fund, as the portfolio managers participated in a dynamic primary market. In the CLO market, the team added BBB rated US CLOs at a spread of 3.5% over SOFR, building diversity in the portfolio. In the ABS market, the team added UK residential mortgage-backed securities (RMBS).
- Market sentiment was broadly positive in January, especially in the CLO market, with robust issuance met by significant demand. The portfolio managers expect a diverse pipeline in February and have already been sounded on various ABS deals and CLOs. With supportive demand technicals likely to persist, the outlook for securitised products remains favourable, although the portfolio managers remain cautious around potential volatility.

Market developments

Summary: Global markets performed well during January, including European securitised products. The primary market opened with strength, particularly in the collateralised loan obligation (CLO) market. There was €7.9bn of issuance in the asset-backed security (ABS) market, which was complimented by €4.9bn of CLO refinancing. Secondary supply picked up significantly, driven by a combination of primary rotation and outright demand for the product. A number of hedge funds also sold short-dated high yield bonds into a rallying market. The mezzanine ABS curve tightened by 10-25 basis points (bp) during January, with high-quality BB bonds trading at a spread of SONIA +mid-200 versus CLOs where spreads also tightened, with BBs around 75bp tighter since the start of this year.

ABS: ABS issuance began slowly in January, although the month finished with a respectable €8bn of new issuance. Supply was focused on the UK residential mortgage-backed security (RMBS) market, where a range of issuers were active. Santander began the month by placing a dual-tranche benchmark prime RMBS transaction. Coverage of 1.5 times supported spreads to land at 0.54% and 0.6% over SONIA for the shorter and longer weighted average life (WAL) tranche, with Santander leaving a few basis points on the table. Later in the month we saw a full capital structure transaction, backed by a mixed collateral pool from Lendinvest and MTF finance. AAAs landed at SONIA + 0.77%, with two times subscription at initial guidance. The tightening in basis between UK prime and buy-to-let pools reflected the wider technical that has been present in ABS markets for the past two years. Although January was dominated by RMBS issuance, a growing and mixed pipeline is expected into February.

CLO: The European securitised market was dominated by CLOs during January, where managers ramped up an impressive pipeline in the first weeks of the year. In Europe, €6.2bn was placed, including €5bn of refinancing and reset activity. US CLO markets absorbed \$27bn of supply, of which \$19bn related to refinancing and resets. During the month, there was a significant tightening across the capital structure, following strong demand from international accounts. Euro BB CLOs enjoyed 100bp of tightening, following some widening in December, with the latest prints of Euribor +450bp for tier one managers. The US market also had a strong start and tightened around 25bp, which left little value difference between them. Although slower to rally, AAA CLOs marketed almost 10bp inside of December levels. The tightening of liabilities, along with a degree of softness in the loan market, should aid the economics for managers in the market. The European loan market dropped by 0.8 points during January, which was concentrated in sectors such as technology, as participants reacted to software concerns. The pipeline is expected to remain active, and with resilient demand, particularly for stronger quality transactions, it is difficult to see an immediate reversal in recent tightening.

Portfolio review

January was an active month for the Fund, as the portfolio managers participated in a dynamic primary market. In the CLO market, the team added BBB rated US CLOs at a spread of 3.5% over SOFR, building diversity in the portfolio. In the ABS market, the team added UK RMBS, including bank prime bonds at SONIA +0.6%.

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Performance analysis

The Fund remains in a flexible position and momentum in issuance is expected to continue into February.

Outlook

Market sentiment was broadly positive in January, especially in the CLO market. Robust issuance was met by significant demand, where strong subscription returned to present a tightening bias across floating rate products. The portfolio managers expect a diverse pipeline in February and have already been sounded on various ABS deals and CLOs. They

expect further tightening, especially in euro AAA ABS as supply has been low and demand high. The significance of demand for mezzanine bonds has continued to compress credit curves, such that the portfolio managers see particular value in AAAs here, in both the CLO and ABS markets. With supportive demand technicals expected to persist, the outlook for securitised products remains favourable, although the portfolio managers remain cautious around potential volatility from ongoing geopolitical tensions.

Fund characteristics

Fund name	Vontobel Fund – TwentyFour Asset Backed Securities
ISIN	LU1602255561
Share class	I EUR
Reference index	–
Inception date	27.6.2017

Historical performance (net returns, in %)

Time period	Fund	Ref. index	Time period	Fund	Ref. index
MTD	0.5%	–	2025	3.5%	–
YTD	0.5%	–	2024	6.7%	–
1 year	3.5%	–	2023	8.4%	–
3 yrs p.a.	5.7%	–	2022	-4.5%	–
5 yrs p.a.	3.1%	–	2021	1.7%	–
10 yrs p.a.	–	–	2020	-0.1%	–
ITD p.a.	2.1%	–	2019	2.0%	–
			2018	-1.1%	–
			2017	–	–
			2016	–	–

Past performance is not a reliable indicator of current or future performance.

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