



Inflation finally reappears – why now and what's next?

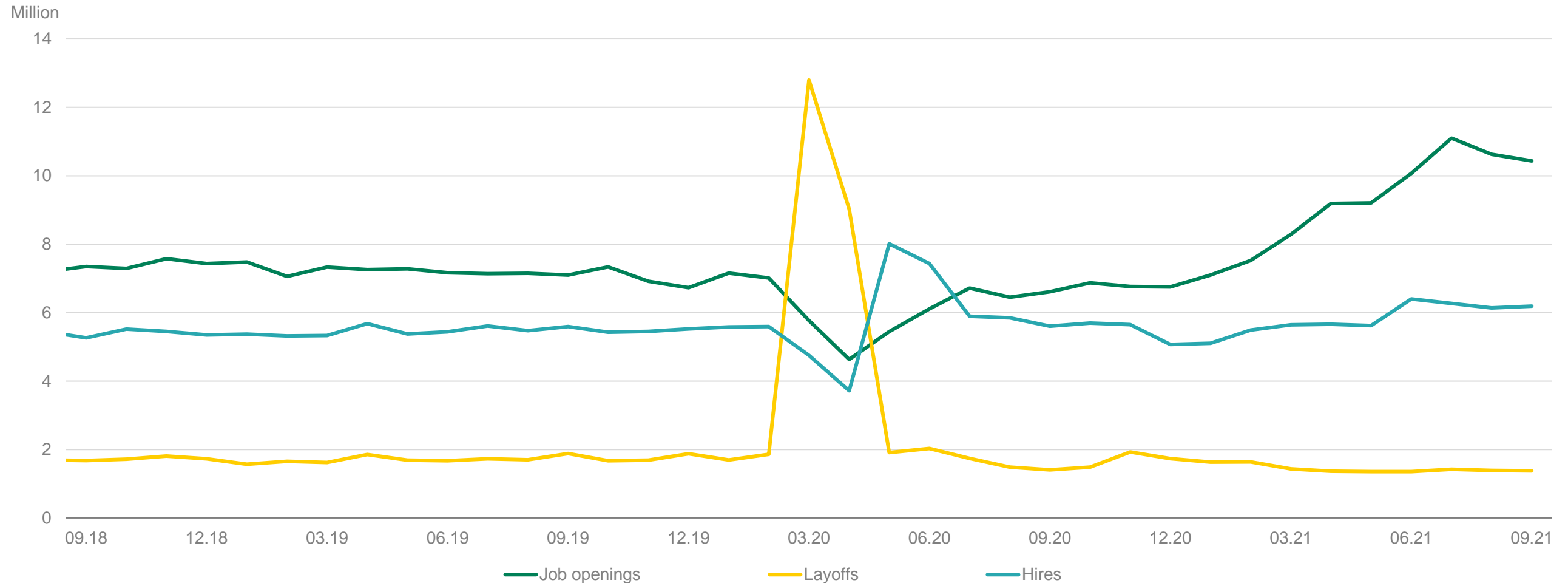
Private and Public Pensions Summit
November 2021

Factory Inputs



Surge in demand as output restarts – is lumber the exception or rule?

US labour market – short term pressures?



Evidence that companies are not able to find workers

These views represent the opinions of TwentyFour as at November 2021, they may change and may have already been acted upon, and do not constitute investment advice or a personal recommendation. They may also not be shared by other entities within the Vontobel Group.

Data source: Bloomberg, as of 15 November 2021.

Regional scorecards

	US	Germany	UK
CPI	6.2%	4.5%	4.2%
Core CPI	4.6%	2.9%	3.4%
PPI	8.6%	14.2%	6.1%
Unemployment	4.6%	5.2%	4.3%
First priced in hike	06/22	None for 3 years	02/22
Second priced in hike	11/22	None for 3 years	05/22
Mandate	Output + Inflation	Inflation	Inflation

Gilt vulnerability

Brexit as a force multiplier

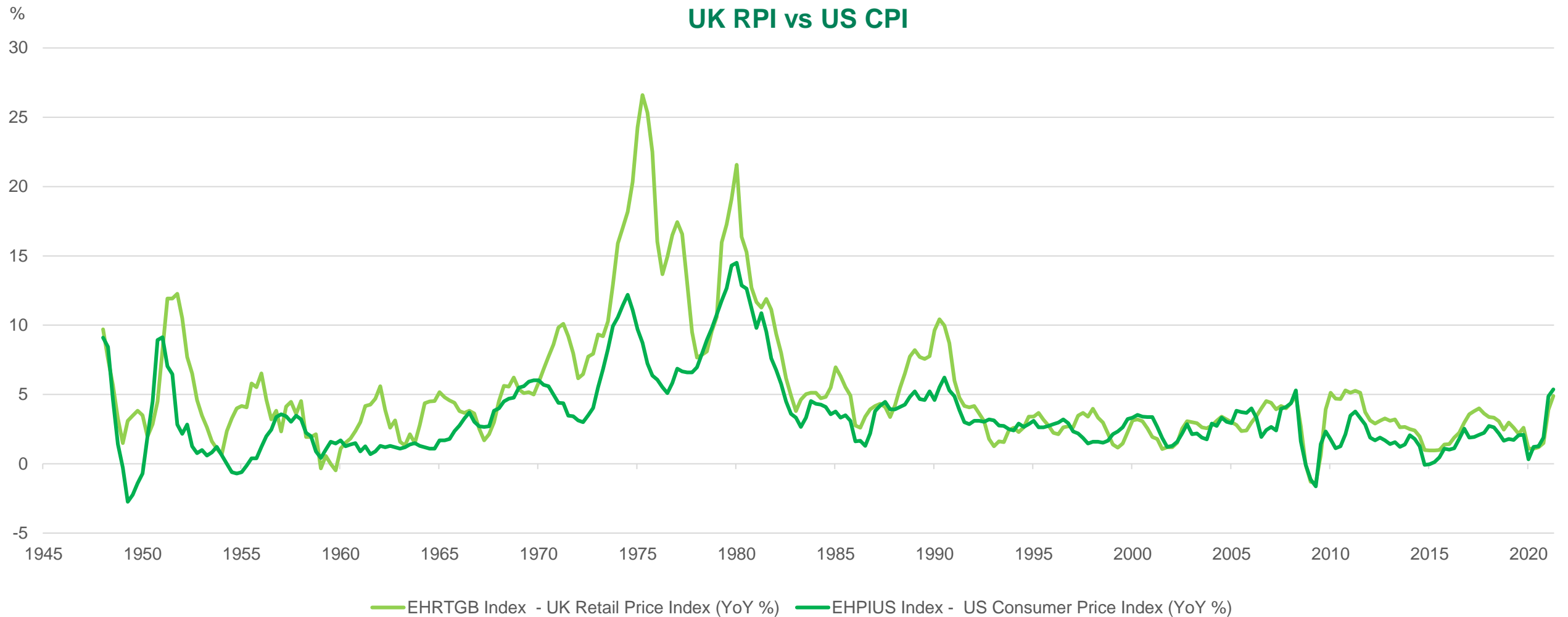
Supply chains left in disarray

- Island more susceptible
- Sterling imported weakness
- EU-UK rule book heightens bottleneck risks

Labour market shock

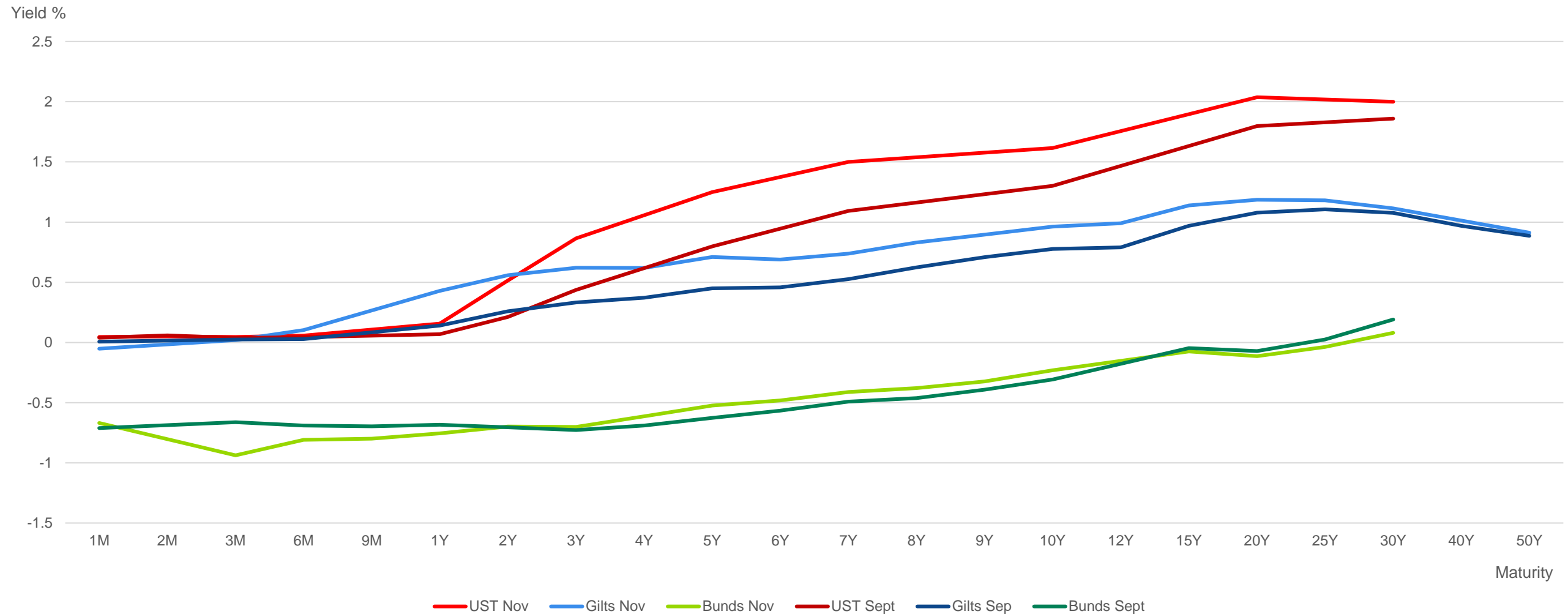
- Benefited from cheap foreign labour
- Migrant workers accounted for 60% of UK net employment growth
- Net migration of EU workers down 75% between 2016 and 2019
- How many EU nationals will return?

UK more susceptible to bouts of inflation



Source: Bloomberg, November 2021.

Curve shifts over last two months



Past performance is not a reliable indicator of 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. It is not possible to invest directly into an index and they will not be actively managed.

Source: TwentyFour, Bloomberg, 15 November 2021

Mitigation and downside protection recommendations

Invest in short-dated bonds to minimise duration

- Duration measures sensitivity of a bonds price to changes in yield
- Bonds close to maturity are less sensitive to value erosion from rising inflation
- Credit curves are flat so opportunity cost is low
- Attractive yields still possible

Asset Backed Securities

- ABS are floating rate notes – coupons with fixed spread over Sonia
- Sonia effectively tracks the Bank of England's base rate
- Refixing coupons at higher Sonia rate increases income
- No impact on market prices given no duration
- Short-dated credit exposure

Mitigate with higher levels of spread

- Credit fundamentals are strong – default outlook is particularly benign
- Additional Income is scarce commodity
- Potential for capital gains from spread contraction
- Consider high yield and subordinated financials

Contact details

TwentyFour Asset Management LLP

8th Floor

The Monument Building

11 Monument Street

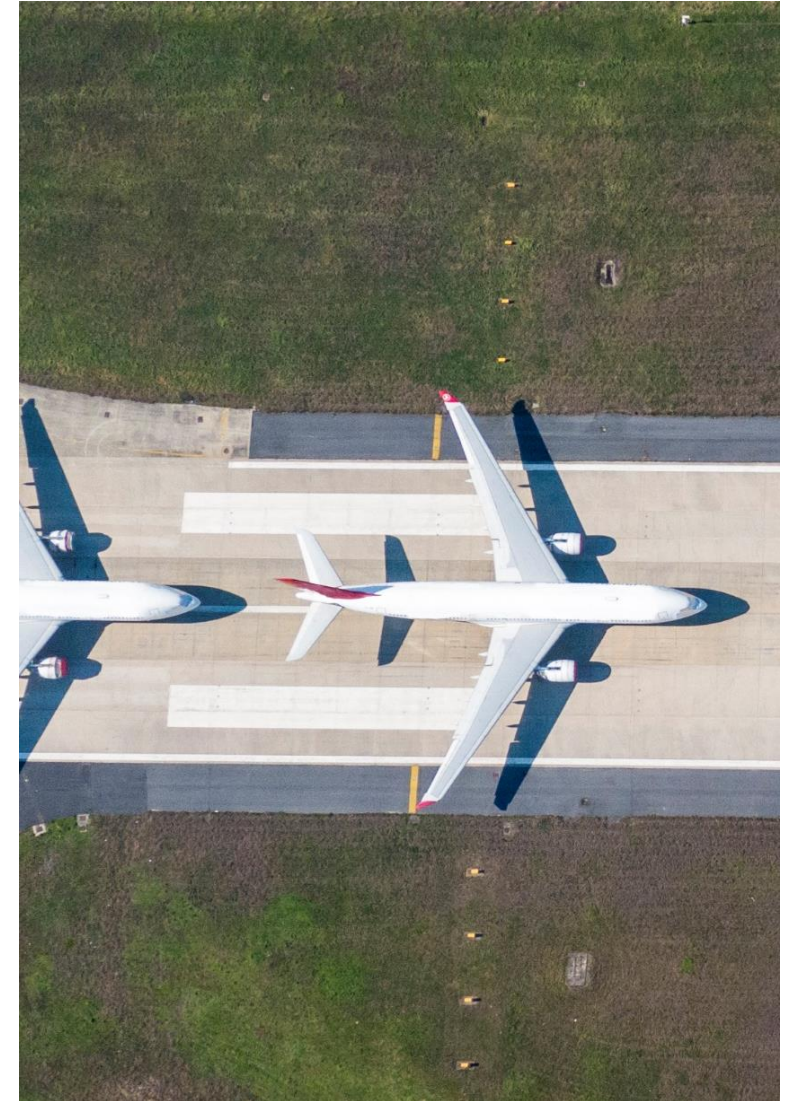
London

EC3R 8AF

T: +44 (0)20 7015 8900

twentyfouram.com

sales@twentyfouram.com



Important information

This marketing document has been prepared and approved by TwentyFour Asset Management LLP, a company of the Vontobel Group ("Vontobel"), for information purposes only.

The Vontobel Fund is an open-ended investment company with variable capital (Société d'Investissement à Capital Variable) incorporated on 4 October 1991 that falls within the scope of application of Part I of the Luxembourg Law of 17 December 2010 on undertakings for collective investment (an undertaking for collective investments in transferable securities, "UCITS"). The Board of Directors has appointed Vontobel Asset Management S.A. as the Management Company of the Fund (the "Management Company") and delegated to it the activities relating to the investment management, central administration and distribution of the Fund. For the Vontobel Fund – TwentyFour Absolute Return Credit Fund, which operate as a sub-fund, the Management Company has further delegated investment management to TwentyFour Asset Management LLP.

This document, its contents and any information provided or discussed in connection with it are strictly private and confidential and may not be reproduced, redistributed, referenced, or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose, without the consent of TwentyFour (provided that you may disclose this document on a confidential basis to your legal, tax, or investment advisers (if any) for the purpose of obtaining advice). Acceptance of delivery of any part of this document by you constitutes unconditional acceptance of the terms and conditions of this notice. This document is an indicative summary of the securities described herein and may be amended, superseded or replaced by subsequent summaries. The final terms and conditions of the securities will be set out in full in the applicable offering document(s).

This document shall not constitute an offer or invitation or any solicitation of any offer to sell or to subscribe for or buy any securities described herein or to effect any transactions or to conclude any legal act of any kind whatsoever. This document is not intended to be relied upon as the basis for an investment decision, and is not, and should not be assumed to be, complete. TwentyFour is not acting as advisor or fiduciary. Accordingly, you must independently determine, with your own advisors, the appropriateness for you of the securities before investing. You are not entitled to rely on this document and TwentyFour accepts no liability whatsoever for any consequential losses arising from the use of this document or reliance on the information contained herein.

This document has not been submitted to or approved by the securities regulatory authority of any state or jurisdiction. It is not intended for this document to be distributed to or used by retail clients as defined in MiFID II (Directive 2014/65/EU, and its UK implementing onboarding and onshoring legislation) and is directed only at recipients who are institutional clients such as eligible counterparties or professional clients as defined by MiFID II or similar regulations in other jurisdictions. No action has been made or will be taken that would permit a public offering of the securities described herein in any jurisdiction in which action for that purpose is required. No offers, sales, resales or delivery of any securities managed by TwentyFour or any of its affiliates or distribution of any offering material relating to such securities may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the above. Neither this document nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law. Persons who receive this document should make themselves aware of and adhere to any such restrictions.

In addition, the information contained herein is directed exclusively at persons outside the United States who are not U.S. persons (as defined in Regulation S of the Securities Act ("Regulation S")) or acting for the account or benefit of a U.S. person in offshore transactions in reliance on Regulation S and in accordance with applicable laws. The securities discussed herein have not been and will not be registered or qualified under the United States Investment Company Act of 1940, as amended, nor the United States Securities Act of 1933, (the "Act"), as amended, nor with any securities regulatory authority of any State or other jurisdiction of the United States. Consequently, they may not be offered, sold, transferred or delivered, directly or indirectly in the United States or to any US Person unless the securities are registered under the Act, an exemption from the registration requirements of the Act and any applicable US state securities laws is available, or the transaction would not be subject to the Act.

Nothing in this document should be construed as legal, tax, regulatory, accounting or investment advice or as a recommendation, or making any representations as to suitability of any investment and/or strategies discussed and any reference to a specific security, asset classes and financial markets are for the purposes of illustration only and there is no assurance that the manager will make any investments with the same or similar characteristics as any investments presented. The investments are presented for discussion purposes only and are not a reliable indicator of the performance or investment profile of any composite or client account. Further, the reader should not assume that any investments identified were or will be profitable or that any investment recommendations or that investment decisions we make in the future will be profitable. Prospective investors are reminded that it is not possible to invest directly in an index. As the material was prepared without regard to specific objectives, financial situation or needs of any potential investors, they should seek professional guidance before deciding on whether to make an investment. Investments into shares or other securities should in any event be made solely on the basis of the relevant offering document and after seeking the advice of an independent finance, legal, accounting and tax specialist.

For the purposes of MiFID II, this communication is not in scope for any MiFID II / MiFIR (Regulation (EU) No 600/2014, and its UK implementing onboarding and onshoring legislation) requirements specifically related to investment research. Furthermore, as non-independent research, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research, nor are TwentyFour subject to any prohibition on dealing ahead of the dissemination of investment research.

Important information

To the maximum extent permitted by law, we will not be liable in any way for any loss or damage suffered by you through use or access to this information, or our failure to provide this information. Our liability for negligence, breach of contract or contravention of any law as a result of our failure to provide this information or any part of it, or for any problems with this information, which cannot be lawfully excluded, is limited, at our option and to the maximum extent permitted by law, to resupplying this information or any part of it to you, or to paying for the resupply of this information or any part of it to you.

All information contained in this document, particularly any share prices, calculation data and forecasts, are based on the best information available at the date indicated in the document. The information in this document is not intended to predict actual results and no assurances are given with respect thereto. Neither TwentyFour, nor any other person undertakes to provide the recipient with access to any additional information or update this document or to correct any inaccuracies therein which may become apparent. Although TwentyFour believe that the information provided in this document is based on reliable sources, it does not guarantee the accuracy or completeness of information contained in this document which is stated to have been obtained from or is based upon trade and statistical services or other third party sources.

TwentyFour, its affiliates and the individuals associated therewith may (in various capacities) have positions or deal in securities (or related derivatives) identical or similar to those described herein.

Past performance, simulated past performance and forecasted performance (whether via modelling or back-testing or similar) are not reliable indicators of future performance. Additionally, there can be no assurance that targeted or projected returns will be achieved, that TwentyFour or the securities discussed will achieve comparable results or that TwentyFour will be able to implement the investment strategy or any securities will achieve the investment objectives. In particular, statements contained in this document that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of TwentyFour. Such statements involve known and unknown risks, uncertainties and other factors, and reliance should not be placed thereon. In addition, this document contains "forward-looking statements". Actual events or results or the actual performance of accounts may differ materially from those reflected or contemplated in such forward looking statements. The value of investments may fall as well as rise and investors may not get back the amount invested. Prospective investors are reminded that the actual performance realised will depend on numerous factors and circumstances, some of which will be personal to the investor. No representation is made as to the reasonableness of the assumptions made within or the accuracy or completeness of any modelling or back-testing or similar. All opinions and estimates are those of TwentyFour given as of the date thereof and are subject to change, may have already been acted upon and may not be shared by Vontobel.

Unless otherwise stated, any performance data will be calculated in GBP terms, inclusive of net reinvested income and net of all portfolio expenses but does not take into account any commissions and costs charged when the investment is issued or redeemed. Any optimal performance results contained herein are hypothetical returns compiled by TwentyFour and no representation is being made that any account will or is likely to achieve returns similar to those shown. Hypothetical performance returns may have inherent limitations. Such limitations include but are not limited to that they are prepared with the benefit of hindsight and there are numerous other factors related to the markets in general or to the implementation of any specific trading strategy which cannot be fully accounted for in the preparation of hypothetical performance results, all of which can adversely affect actual trading results. Equally, the hypothetical performance results do not reflect the impact that material economic and market factors may have on TwentyFour's future decision-making if it were actually managing client money and does not involve financial risk. No hypothetical trading record can completely account for the impact of financial risks associated with actual trading. Consequently, these returns should not be considered as indicative of the skills of the manager or represent actual recommendations.

Where ratings are available from the credit rating agencies specified in the portfolio's rating methodology, including S&P Global Ratings Inc, Moody's Investor Services Inc & Fitch Ratings Inc, TwentyFour will use the highest of the available ratings. Moody's® assigns a rating of Aaa as the highest to C as the lowest credit quality rating. S&P® assigns a rating of AAA as the highest to D as the lowest credit quality, Fitch assigns a rating of AAA as the highest to D as the lowest credit quality. Additionally, where no rating has been requested, or there is insufficient information on which to base a rating, a rating agency may assign a rating of NR (Not Rated). For unrated sovereign issues TwentyFour will adopt the issuing sovereign's credit rating. The average credit quality (ACQ) is provided to indicate the average credit rating of the portfolio's underlying investments' rating and may change over time. The portfolio itself has not been rated by an independent rating agency and is provided for informational purposes only. The ACQ is determined by using a market-weighted equivalent rating and rounding to the nearest rating. For unrated bonds and cash and equivalents, when calculating the ACQ ratings, TwentyFour will determine an internal rating by considering all relevant factors, including but not restricted to, the relationship between the bond's maturity and its price and/or yield, the ratings of comparable bonds, the issuer's financial statements and the issuer's credit rating if available. The risk of default increases as a bond's rating decreases, so the ACQ provided is not a statistical measurement of the portfolio's default risk because a simple weighted average does not measure the increasing level of risk from lower-rated bonds. The ACQ may be lower if cash and equivalents are excluded from the calculation. Derivative positions are not reflected in the ACQ. Where the ACQ for an index is given, this has also not been rated by an independent rating agency and is instead an estimate only based on a weighted-average calculation of the rating band for each bond (on a linear scale) and its weight within the index.

Important information

Please remember that all investments come with risk. Positive returns, including income, are not guaranteed. Your investment may go down as well as up and you may not get back what you invested. Asset allocation, diversification and rebalancing do not ensure a profit or protection against possible losses in declining markets. Commissions, fees and other forms of remuneration may affect the performance negatively. This document does not disclose all the risks and other significant issues related to the securities discussed. Investing in fixed income securities comes with risks that can include but are not necessarily limited to credit risk of issuers, default risk, possible prepayments, market or economic developments, inflation risk and interest rate risk. The issuer of ABS products may not receive the full amounts owed to them by underlying borrowers, which would affect the performance of related securities. Credit and prepayment risks also vary by tranche which may also affect the performance of related securities. Investments in high-yield bonds may be subject to greater market fluctuations and risk of loss of income and principal than securities in higher rated categories. Investments in foreign securities involve special risks, including foreign currency risk and the possibility of substantial volatility due to adverse political, economic or other developments. Similarly, investments focused in a certain industry may pose additional risks due to lack of diversification, industry volatility, economic turmoil, susceptibility to economic, political or regulatory risks and other sector concentration risks.

This document does not disclose all the risks and other significant issues related to an investment in the securities. Prior to transacting, potential investors should ensure that they fully understand the terms of the securities and any applicable risks. This document is not a prospectus for any securities described herein. Investors should only subscribe for any securities described herein on the basis of information in the relevant offering documents (which has been or will be published and may be obtained in English as well as other languages by visiting its website <https://www.vontobel.com>), and not on the basis of any information provided herein.

TwentyFour Asset Management LLP is registered in England No. OC335015, and is authorised and regulated in the UK by the Financial Conduct Authority, FRN No. 481888. Registered Office: 8th Floor, The Monument Building, 11 Monument Street, London, EC3R 8AF. Calls may be recorded for training or monitoring purposes. Copyright TwentyFour Asset Management LLP, 2021 (all rights reserved).