TwentyFour
ASSET MANAGEMENT

TwentyFour Income Fund Limited

Annual Report and Audited Financial Statements

For the year ended 31 March 2019

TWENTYFOUR INCOME FUND LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 31 March 2019

CONTENTS

CORPORATE INFORMATION

Directors
Trevor Ash (Chairman)
Ian Burns (Senior Independent Director)
Richard Burwood
Joanne Fintzen (appointed 7 January 2019)
Jeannette Etherden (retired 14 March 2019)

Custodian, Principal Banker and Depositary
Northern Trust (Guernsey) Limited
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Trafalgar Court
Les Banques
St Peter Port
Guernsey, GY1 3DA

Registered Office
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Les Banques
St Peter Port
Guernsey, GY1 3QL

Administrator and Company Secretary
Northern Trust International Fund Administration Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey, GY1 3QL

Alternative Investment Fund Manager ("AIFM")
Maitland Institutional Services Limited
Hamilton Centre
Rodney Way
Chelmsford, CM1 3BY

Broker and Financial Adviser
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London, EC4M 7LT

Portfolio Manager
TwentyFour Asset Management LLP
8th Floor, The Monument Building
11 Monument Street
London, EC3R 8AF

Independent Auditor
PricewaterhouseCoopers CI LLP
PO Box 321
Royal Bank Place
1 Glategny Esplanade
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Guernsey, GY1 4ND

UK Legal Advisers to the Company
Eversheds Sutherland (International) LLP
One Wood Street
London, EC2V 7WS

Receiving Agent
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol, BS13 8AE

Guernsey Legal Advisers to the Company
Carey Olsen
Carey House
Les Banques
St Peter Port
Guernsey, GY1 4BZ

Registrars
Computershare Investor Services (Guernsey) Limited
1st Floor
Tudor House
Le Bordage
St Peter Port
Guernsey, GY1 1DB

SUMMARY INFORMATION

The Company
TwentyFour Income Fund Limited (the "Company") was incorporated with limited liability in Guernsey, as a closed-ended investment company on 11 January 2013. The Company's shares were listed with a Premium Listing on the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange on 6 March 2013.

Investment Objective and Investment Policy
The Company's investment objective is to generate attractive risk adjusted returns principally through income distributions.

The Company's investment policy is to invest in a diversified portfolio of UK and European Asset Backed Securities.

The Company will maintain a Portfolio diversified by issuer, it being anticipated that the Portfolio will comprise at least 50 Asset Backed Securities at all times.

The Portfolio must comply, as at each date an investment is made, with the following restrictions:

(i) no more than 20% of the Portfolio value will be backed by collateral in any single country (save that this restriction will not apply to Northern European countries); and

(ii) no more than 5% of the Portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities; and

(iii) no more than 10% of the Portfolio value will be exposed in aggregate to instruments not deemed securities for the purposes of the Financial Services and Markets Act, 2000 (the "FSMA").

As an exception to the requirements set out above, the Portfolio Manager is permitted to purchase new investments at any time when the Portfolio does not comply with one or more of those restrictions so long as, at the time of investment:

- the asset purchased will be compliant with the single country restriction above (even where following the purchase more than 20% of the Portfolio will be backed by collateral in another single country due to market movements);
- the asset purchased will be compliant with the single Asset Backed Security/issuer exposure restriction above (even where following the purchase more than 5% of the Portfolio value will be exposed to another single Asset Backed Security or issuer due to market movements); and
- such purchase does not make the Portfolio, in aggregate, less compliant with any of (i), (ii) and (iii) above.

The Company will not employ gearing or derivatives for investment purposes. The Company may use borrowing for short-term liquidity purposes, which could be achieved through a loan facility or other types of collateralised borrowing instruments including repurchase transactions and stock lending. The Directors will restrict the borrowings of the Company to 10% of the Company's Net Asset Value ("NAV") at the time of drawdown.

In accordance with the Listing Rules, the Company can only make a material change to its investment policy with the approval of its Shareholders by Ordinary Resolution.

At the Extraordinary General Meeting of the Company held on 10 May 2019, Shareholders voted to amend the Company's investment policy. Details of these amendments can be found on Note 21 to the Financial Statements on pages 75 and 76.

SUMMARY INFORMATION Continued

Target Returns
The Company has a target annual net total return on the Company's NAV of between 6% and 9% per annum, which includes quarterly dividends with a target yield each financial year of 6% or higher, of the Issue Price.*

Shareholder Information
Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator") is responsible for calculating the NAV per share of the Company. The unaudited NAV per ordinary redeemable share will be calculated as at the close of business on the last business day of every week and the last business day of every month by the Administrator and will be announced by a Regulatory News Service the following business day.

	31.03.19	**31.03.18**
Total Net Assets	£500,465,449	£470,013,131
Net Asset Value per share	113.28p	118.75p
Share price	115.28p	119.50p
Premium to Net Asset Value	1.77%	0.63%
Dividends declared in respect of the year	6.45p	7.23p

As at 10 July 2019, the premium had moved to 0.79%. The estimated NAV per share and mid-market share price stood at 113.11p and 114.00p respectively.

Ongoing Charges
Ongoing charges for the year ended 31 March 2019 have been calculated in accordance with the Association of Investment Companies (the "AIC") recommended methodology. The ongoing charges for the year ended 31 March 2019 were 0.95% (31 March 2018: 0.94%).

* The Issue Price being £1.00. This is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target return should not be taken as an indication of the Company's expected or actual current or future results. The Company's actual return will depend upon a number of factors, including the number of Ordinary Shares outstanding and the Company's total expense ratio. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to invest in or retain or increase their investment in the Company. See note 16 for further detail.

CHAIRMAN'S STATEMENT
for the year ended 31 March 2019

I am pleased to present my report on the Company's progress for the financial year ending 31 March 2019.

The Company's shares continued to trade at a premium during the year, as they have typically done since launch, with the average premium during the year being 3.39%. The range of premium has been relatively wide, from 0.63% at the start of the year, reaching 7.51% in the last quarter of 2018, and which ended at 1.77%. The Board is willing to continue to authorise the issuance of further shares as a premium management mechanism, while the Portfolio Managers can confirm that attractive investment opportunities are available in the market.

The Net Asset Value ("NAV") total return on the shares from launch to 31 March 2019 was 62.81% (including dividends paid). The NAV per Share rose 1.57% (including dividends paid) during the year, and the income component of the return to investors remained strong as the Company declared three dividends of 1.5p per share, to cover the pro-rata minimum return of 6p per share, and a final dividend covering all excess returns in respect of the year of 1.95p per share. The Board is pleased to confirm the Company continued to meet the dividend payout target in accordance with the dividend policy.

The NAV performance of the Company has varied during the year, and while NAV performance was consistent over the first six months of the year, the factors that had driven material levels of volatility in equity, corporate bond and high yield markets since January 2018 finally spilled over into European ABS markets during the last six weeks of 2018. Since the start of 2019 the NAV has been recovering, though European ABS has lagged the recovery seen in other markets. Fundamental performance of the asset pools and structures remains strong and stable.

The change in the spread opportunity continues to provide the Portfolio Managers with attractive opportunities, and so, being consistent with the ongoing messaging around capital raising, the Company has continued to issue equity to satisfy investor demand. During the year the Company issued 46 million Ordinary shares, at an average premium of 2.37%, raising a total of £52.4 million. Following the year ended 31 March 2019, an additional 81.25 million Ordinary shares were issued, raising a total of £93.1 million. The investor demand demonstrates the relative value of the asset class versus mainstream credit, and the Board is very pleased with the result of recent capital raises in a period with increased volatility witnessed in the capital markets.

While the imminent chance of any change in monetary policy is now more balanced globally, there remains an expectation that the Bank of England's Monetary Policy Committee would favour a hike in rates subject to a resolution of the UK's future relationship with the European Union.

The Company's investment strategy continues to offer an attractive opportunity to investors in terms of a greater credit spread, the ability to remove duration risk and to achieve these through investing in high quality assets. While I recognise the potential for volatility, I believe the Company's structure remains an appropriate way for investors to invest in such assets. I remain confident of the Company's ability to fulfil its objectives.

Trevor Ash
Chairman
11 July 2019

PORTFOLIO MANAGER'S REPORT

for the year ended 31 March 2019

Market Commentary

The year to 31 March 2019 saw periods of spread stability, interspersed with two periods of widening, ending with consistent positive performance through the first quarter of 2019. During the period the Company's NAV per Share increased 1.57% (including dividends paid), whilst the Share Price had an increase of 2.21% (including dividends paid), and dividends for the period totalled 6.45p.

The Company declared dividends totalling 6.45p during the year, noting that the percentage of income being generated from amortisations fell compared to previous years, due in part to an increase in the number of securities being purchased closer to par and maturities of those purchased at a significant discount to par in prior years.

As the Company's financial year started, themes emerged in financial markets that were to remain through the period, and which were to drive performance of almost all markets. In April both Treasuries and Gilts experienced volatility as expectations of future monetary policy changed, and with continued rhetoric around trade tariffs.

While this drove volatility across fixed income, the European ABS market was largely isolated, with pricing stable and a range of new issue transactions seeing strong levels of investor participation. As summer approached, speculation concerning an inversion of the US yield curve, driven by continued flattening, continued to prove problematic for markets. The combative style of Italy's populist coalition also helped push corporate spreads wider, and to a limited extent spreads in peripheral ABS and CLOs moved wider in sympathy, though this was not reflected generally across the asset class and investor demand remained strong.

Corporate bonds, high yield and ABS markets saw spreads move wider into the summer, and where for most that was driven by an extension of the previous issues, as well as a weakening political position for Germany's Angela Merkel, in ABS it was more to do with short-term primary market indigestion as issuers looked to fund themselves before the summer break. This increase in supply continued into July as more deals were added to the pipeline, and with investors starting to drift off for summer holidays, deals had to compete for investor focus based on spreads paid, which filtered through into portfolio pricing. As the pipeline cleared towards month-end, spreads regained stability, and largely traded sideways through August.

ABS spreads enjoyed a positive autumn while geopolitics, esoteric emerging market events in Turkey and Argentina, and Brexit developments in the UK continued to roil markets. Primary markets came back to life after the summer, but in a more measured manner with issuers pragmatically pricing at attractive levels to engage investors and subsequently receiving the levels of oversubscription seen earlier in the year.

While the first six months of the period were largely stable, the Portfolio Managers took the opportunity to gradually de-risk the portfolio, recognising that the pressures in wider markets have previously spilled over into ABS performance during similar periods of volatility.

This strong performance continued through October and the first half of November, though at that point investors' risk tolerance became bound up in the ongoing risk-off move seen across other markets. This was driven by multiple factors: the prospect of the UK's Brexit withdrawal agreement being rejected; the Italian government battling the EU over deficit control; the US Federal Reserve being materially at odds with financial markets on the direction of monetary policy; and China and the US failing to make any material progress on a trade deal. The deteriorating sentiment ultimately leaked into ABS, where spreads started exhibiting similar negative performance that other markets had exhibited all year.

PORTFOLIO MANAGER'S REPORT Continued
for the year ended 31 March 2019

Market Commentary (continued)
This spread widening continued into year-end with the last remnants of price moves filtering through as markets opened in January, at which point ABS prices again de-correlated from most other markets. This time, however, it was equities and credit spreads exhibiting positive performance as Fed Chair Jerome Powell performed a material volte-face, aligning himself with a more dovish outlook for US rates. With the risk of a 'no-deal' Brexit seemingly taken off the table once various attempts to pass the withdrawal agreement failed, the Italian Government agreeing a deficit plan with the EU before Christmas and both the US and China making more friendly noises, further impetus was given to pricing.

In contrast the European ABS markets remained quiet, principally as a mix of wider spreads and uncertainty over the technical implication of new regulation stopped issuers from coming to market. Without seeing new deals being priced, and therefore no idea as to investors' appetite for risk, it was impossible for the market to rally in line with others. This vacuum continued until mid-February, since when issuance has picked up, and as expected this has driven spreads tighter and prices upwards.

Since the spread widening in November the Portfolio Managers have seen an opportunity to add risk in a measured manner, however their outlook recognises that risks to stability in financial market pricing are still present.

Market Outlook
As the Company's financial year came to an end, ABS pricing was enjoying a degree of the positive performance that equities and corporate bonds had seen for several months, while continuing to materially lag those markets.

While equities are now breaking new highs and credit spreads are at multi-year lows, the negative drivers of the last 12 months are still present. The UK still has not resolved its future relationship with the EU, and while the threat of a 'hard' Brexit has reduced, it has not disappeared and the risk of a general election also remains. In addition the upcoming EU elections, ongoing domestic issues in US politics and the aftermath of elections in Spain remain issues for markets to contemplate.

The US-China trade war continues with no sign of resolution one week, and talks of strong progress the next. The next governor of the ECB remains to be identified, the Fed continues to confuse markets, and the BoE's MPC still finds it impossible to do anything.

With these elements still present in the background the Portfolio Managers remain balanced in their appreciation of future spread performance. Recognising the material spread premium available in European ABS and the conviction around expected credit performance based on strong performance in both consumer and corporate loan markets, they continue to find opportunities to invest and achieve the Company's objective despite this outlook.

Foreign Exchange Accounting
The Company's policy is to hedge foreign exchange risk. During the year the Company held Euro and Sterling denominated assets, and whilst the EUR/GBP exchange rate finished 1.43% lower at the end of the year, it experienced moves in the range of 5.17% during the 12 month period.

PORTFOLIO MANAGER'S REPORT Continued
for the year ended 31 March 2019

Foreign Exchange Accounting (continued)
Currency risk is hedged using "rolling forwards" with a one month maturity, selling forward a notional amount equivalent to the market value of the assets. Any movements in foreign exchange rates are monitored daily and the hedge is adjusted when necessary to ensure that currency exposure remains within strict limits. The Company operates to a tolerance of +/-0.50% exposure to the NAV on each non-GBP currency. The Company has significant exposure to Euro assets, representing 58% of the Investment Portfolio at the year end, and which remained fully hedged within these tolerances during this time. Foreign Exchange hedging is used to manage the portfolio's currency risk efficiently and not to enhance investment returns. The Company does not, however, apply hedge accounting as set out in IFRS 9.

The net foreign currency gain on the portfolio (recorded within net losses on financial assets at fair value through profit or loss) and the net foreign currency gain on the forward currency contracts (included within net foreign currency gains) are recognised in accordance with the hedging policy and International Financial Reporting Standards, within the Statement of Comprehensive Income.

TwentyFour Asset Management
11 July 2019

TOP TWENTY HOLDINGS
As at 31 March 2019

Security	Nominal/ Shares	Asset Backed Security Sector	Fair Value £	Percentage of Net Asset Value
SC GERMANY CONSUMER SRS 15-1 CLS E DUE 13/12/2028	18,000,000	Consumer ABS	16,201,776	3.24
TULPENHUIS 0.0% 18/04/2051	17,000,000	Prime RMBS	14,649,053	2.93
CAP. BRIDGE FIN. NO.1 '1 MEZZ' FRN 03/07/2018	14,000,000	Buy-to-Let RMBS	14,070,000	2.81
WARWICK FIN. RESD. '1 E' FRN 21/09/2049	10,500,000	Non-Conforming RMBS	10,491,301	2.10
WARWICK FIN. RESD. MORTGAGES '2 E' FRN 21/09/2049	9,250,000	Non-Conforming RMBS	9,252,262	1.85
CASTELL 2018-1 '1 X' FRN 25/01/2046	9,136,785	Non-Conforming RMBS	9,158,578	1.83
OPTIMUM THREE '3 MEZR' FRN 25/05/2021	9,000,000	Non-Conforming RMBS	9,000,000	1.80
RESIDENTIAL MORTGAGE 28 '28 E' FRN 15/06/2046	8,550,000	Non-Conforming RMBS	8,623,821	1.72
AURORUS 2017 BV '1 G' FRN 11/8/2078	9,200,000	Consumer ABS	7,985,421	1.60
TAURUS 2019-1 FR DAC '1FR E' FRN 02/02/2031	9,100,000	CMBS	7,865,077	1.57
EQTY. RELEASE FNDG. NO 5 '5 B' FRN 14/07/2050	9,050,000	Prime RMBS	7,330,500	1.46
AVOCA CLO XVI DAC '16X ER' FRN 15/07/2031	8,750,000	CLO	7,173,437	1.43
MAN GLG EURO CLO V DAC '5X E' FRN 15/12/2031	8,700,000	CLO	7,159,509	1.43
SC GERMANY CONSUMER 2016-1 UG '1 E' FRN 13/09/2029	7,500,000	Consumer ABS	6,867,497	1.37
VSK HLDGS. '1 C4-1' VAR 01/10/2058	375,000	Prime RMBS	6,340,767	1.27
VSK HLDGS. '1 C4-2' VAR 01/10/2058	375,000	Prime RMBS	6,340,767	1.27
HAYFIN EMERALD CLO II DAC '2X E' FRN 27/05/2032	7,500,000	CLO	6,236,619	1.25
ALME LOAN FNDG. III DESIG '3X FRNE' FRN 15/04/2030	7,500,000	CLO	6,168,103	1.23
CASTELL 2017-1 '1 F' FRN 25/10/2044	6,000,000	Non-Conforming RMBS	6,096,600	1.22
PARAGON MORTGAGES NO 15 '15X CB' FRN 15/12/2039	7,600,000	Buy-to-Let RMBS	5,763,110	1.15

The full portfolio listing as at 31 March 2019 can be obtained from the Administrator on request.

BOARD MEMBERS

Biographical details of the Directors are as follows:

Trevor Ash – (Chairman) (age 73)
Mr Ash is a resident of Guernsey and has over 30 years of investment experience. He is a Fellow of the Chartered Institute for Securities and Investment. He was formerly a managing director of Rothschild Asset Management (CI) Limited. Mr Ash retired as a director of NM Rothschild & Sons (CI) Limited, the banking arm of the Rothschild Group in the Channel Islands in 1999. Since retirement, he has acted as a director of a number of hedge funds, fund of hedge funds, venture capital, derivative and other offshore funds including several managed or advised by Insight, JP Morgan and Merrill Lynch. Mr Ash was appointed to the Board on 11 January 2013.

Ian Burns – (Non-executive Director, Senior Independent Director and Chairman of the Audit Committee) (age 59)
Mr Burns is a resident of Guernsey and a fellow of the Institute of Chartered Accountants in England and Wales and a member of the Society of Trust and Estate Planners. He is a founder and Executive Director of Via Executive Limited, a specialist management consulting company and managing director of Regent Mercantile Holdings Limited, a privately owned investment company. Mr Burns is currently a non-executive director of London listed River and Mercantile UK Micro Cap Limited and FastForward Innovations Limited (AIM) and a number of private investment funds. Mr Burns was appointed to the Board on 17 January 2013.

Richard Burwood – (Non-executive Director) (age 51)
Mr Burwood is a resident of Guernsey with over 25 years' experience in banking and investment management. During 18 years with Citibank London, Mr Burwood spent 11 years as a fixed income portfolio manager spanning both banks/finance investments and Asset Backed Securities. He gained direct experience as a portfolio manager of securities backed by mortgages, auto loans and collateralised loan obligations. Mr Burwood has lived in Guernsey since 2010, initially working as a portfolio manager for EFG Financial Products (Guernsey) Ltd, managing the treasury department's ALCO Fixed Income portfolio. From 2011 to 2013, Mr Burwood worked as the Business and Investment Manager for the Guernsey branch of Man Investments (CH) AG. This role involved overseeing all aspects of the business including operations and management of proprietary investments. In January 2014, Mr Burwood joined the board of RoundShield Fund I GP Ltd, a Guernsey private equity fund, focused on European small to mid-cap opportunities. In August 2015, he became a Board Member of Funding Circle SME Income Fund Ltd, a Guernsey company, offering investors access to a diversified pool of SME loans originated through Funding Circle's marketplaces in the UK, US and Europe. Mr Burwood was appointed to the Board on 17 January 2013.

Joanne Fintzen - (Non-executive Director) (age 49)
Ms Fintzen is a resident of the United Kingdom, with extensive experience of the finance sector and the investment industry. She trained as a Solicitor with Clifford Chance and worked in the Banking, Fixed Income and Securitisation areas. She joined Citigroup in 1999 providing legal coverage to an asset management division. She was subsequently appointed as European General Counsel for Citigroup Alternative Investments where she was responsible for the provision of legal and structuring support for vehicles which invested $100bn across asset-backed securities as well as hedge funds investing in various different strategies as well as private equity and venture capital funds. Ms Fintzen was appointed to the Board on 7 January 2019.

DISCLOSURE OF DIRECTORSHIPS IN PUBLIC COMPANIES LISTED ON RECOGNISED STOCK EXCHANGES

The following summarises the Directors' directorships in other public companies:

Company Name	Stock Exchange
Trevor Ash (Chairman)	
Sherbourne Investors (Guernsey) B Limited	London
Sherbourne Investors (Guernsey) C Limited	London
Ian Burns	
FastForward Innovations Limited	London and Berlin
River and Mercantile UK Micro Cap Limited	London
Richard Burwood	
Funding Circle SME Income Fund Limited, and its associated funding vehicles:	London
- Basinghall Lending DAC	Dublin
- Tallis Lending DAC	Dublin

DIRECTORS' REPORT

The Directors present their Annual Report and Audited Financial Statements for the year ended 31 March 2019.

Business Review
The Company
TwentyFour Income Fund Limited (the "Company") was incorporated with limited liability in Guernsey, as a closed-ended investment company on 11 January 2013. The Company's Shares were listed with a Premium Listing on the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange on 6 March 2013.

Investment Objective and Policy
The Company's investment objective and policy is set out in the Summary Information on page 3.

Discount/Premium to Net Asset Value
The Board monitors and manages the level of the share price discount/premium to NAV. In managing this, the Company operates a share buyback facility whereby it may purchase, subject to various terms as set out in its Articles and in accordance with the Companies (Guernsey) Law, 2008, up to 14.99% of the Company's Ordinary Redeemable Shares in issue immediately following Admission for trading on the London Stock Exchange. On 1 February 2016, the first three year anniversary of the Company, investors were offered a realisation opportunity to realise all or part of their Shareholding in the Company. Subsequently, the realisation opportunity will be offered as at the date of the annual general meeting of the Company in each third year subject to the aggregate NAV of the continuing Ordinary Redeemable Shares on the last Business Day before Reorganisation being not less than £100 million. The next realisation opportunity will take place in September 2019.

Shareholder Information
Shareholder information is set out in the Summary Information on page 4.

Going Concern
The Directors believe that it is appropriate to adopt the going concern basis in preparing the Financial Statements in view of the Company's holdings in cash and cash equivalents and the liquidity of investments and the income deriving from those investments, meaning the Company has adequate financial resources and suitable management arrangements in place to continue as a going concern for at least twelve months from the date of approval of the Financial Statements.

The Company also achieved its dividend target of 6% of the issue price for the year ended 31 March 2019, meaning that as per the Company's Articles, no Continuation Vote is required.

The Company's continuing ability to meet dividend target and the expected outcome of the upcoming realisation opportunity has been considered as part of the viability assessment. No material doubts to going concern have been identified.

Viability Statement
Under the UK Corporate Governance Code, the Board is required to make a "viability statement" which considers the Company's current position and principal risks and uncertainties combined with an assessment of the prospects of the Company in order to be able to state that they have a reasonable expectation that the Company will be able to continue in operation over the period of their assessment. The Board considers that three years is an appropriate period to assess the viability of the Company given the uncertainty of the investment world and the strategy period. In selecting this period the Board considered the environment within which the Company operates and the risks associated with the Company.

DIRECTORS' REPORT Continued

Viability Statement (continued)
The Company's prospects are driven by its business model and strategy. The Company's aim is to provide investors with an attractive level of income with a high degree of certainty around that income and a focus on capital preservation in uncertain times, by investing in less liquid, high yielding asset backed securities.

The Board's assessment of the Company over the three year period has been made with reference to the Company's current position and prospects, the Company's strategy, and the Board's risk appetite having considered each of the Company's principal risks and uncertainties summarised on pages 21 to 22.

The Board has also considered the Company's cash flows, income flows, its likely ability to pay dividends and analysis of the portfolio with reference to:

- liquidity analysis, including but not limited to, the changes in liquidity of the Company over time based on the liquidity of the underlying assets;
- foreign exchange analysis, including but not limited to, monitoring the effectiveness of the Company's foreign exchange hedging strategy;
- credit analysis, including but not limited to, analysing the current credit ratings and credit rating outlooks of the underlying securities by the main rating agencies, as well as sufficient diversification across sectors; and
- valuation analysis, including but not limited to, assessing the pricing accuracy of the underlying securities.

In this context, the Board's central case is that the prospects for economic activity will remain such that the investment objective, policy and strategy of the Company will be viable for the foreseeable future through a period of at least three years from the year end, 31 March 2019.

In making this judgement, the Board has assessed that the main risks to the viability of the Company are key global and market uncertainties driven by factors external to the Company which in turn can impact on the liquidity and NAV of the investment portfolio. A simulation has been designed to estimate the impact of these uncertainties on the NAV of the Company at times of stress, such as the UK's exit from the EU, based on historical performance data, using techniques which analyse how changes in the Company's ability to generate income (by assessing different levels of reinvestment rates available as well as changes in FX income generation, over a 3-year period) would impact the annual dividend the Company is able to generate. All of the foregoing has been considered against the background of the Company's dividend target and consideration of the upcoming realisation opportunity.

Key assumptions covered by the Board in relation to the viability of the Company include:

Dividend Target
The ongoing viability of the Company and the validity of the going concern basis depend on the Company meeting its dividend target annually during the three-year period. In the event that the Company does not meet the dividend target annually, as disclosed in note 19, during the three-year period an Ordinary Resolution will be put to the Shareholders, at the AGM following any reporting period in which the dividend target is not met, with the continuation vote requirements set out in note 16.

Realisation Opportunity
The realisation opportunity (full details are set out in note 16 on page 69) is due to occur just after the AGM in 2019. Based on the strong NAV per Share performance, with the Company trading at a premium for the majority of the year, and with no feedback from investors suggesting otherwise, it is believed the realisation opportunity is a low risk to the viability prospects of the Company.

DIRECTORS' REPORT Continued

Results
The results for the year are set out in the Statement of Comprehensive Income on page 43. The Directors proposed income distributions of £26,946,387 in respect of income available for distribution earned during the year ended 31 March 2019, a breakdown of which can be found in note 19 on page 74. Distributions declared during the year amount to £28,917,363, as recognised in the Statement of Changes in Equity.

Income available for distribution in any quarter comprises (a) the accrued income of the portfolio for the period, and (b) an additional amount to reflect any income purchased in the course of any share subscriptions that took place during the period (so as to ensure that the income yield of the shares is not diluted as a consequence of the issue of new shares during an income period) and (c) any income on the foreign exchange contracts created by the LIBOR differentials between each foreign currency pair, less (d) total expenditure for the period.

Key Performance Indicators ("KPIs")
At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. Below are the main KPIs which have been identified by the Board for determining the progress of the Company:

- Net Asset Value
- Share Price
- Discount/Premium
- Ongoing Charges
- Dividends Declared

A record of these measures is disclosed on page 4.

Portfolio Manager
The Company entered into a Portfolio Management Agreement with TwentyFour Asset Management LLP, the Portfolio Manager, on 29 May 2014. Pursuant to this agreement, the Portfolio Manager is entitled to a portfolio management fee paid monthly in arrears, at a rate of 0.75% per annum of the lower of Net Asset Value, which is calculated as of the last business day of each month, or market capitalisation of each class of shares. For additional information, refer to note 14 on page 60.

The Board considers that the interests of Shareholders, as a whole, are best served by the continued appointment of the Portfolio Manager to achieve the Company's investment objectives.

Alternative Investment Fund Manager
Alternative investment fund management services have been provided by Maitland Institutional Services Limited ("Maitland") since their appointment as Alternative Investment Fund Manager ("AIFM") on 29 May 2014. The AIFM fee is payable quarterly in arrears at a rate of 0.07% of the Net Asset Value of the Company below £50 million, 0.05% on Net Assets between £50 million and £100 million and 0.03% on Net Assets in excess of £100 million. For additional information refer to note 15 on page 60.

Custodian and Depositary
Custodian and Depositary services are provided by Northern Trust (Guernsey) Limited. The terms of the Depositary agreement, allow Northern Trust (Guernsey) Limited to receive professional fees for services rendered. For additional information, refer to note 15 on page 61.

Directors
The Directors of the Company during the year and at the date of this Report are set out on page 2.

DIRECTORS' REPORT Continued

Directors' and Other Interests
As at 31 March 2019, Directors of the Company held the following numbers of Ordinary Redeemable Shares beneficially:

	Number of Shares 31.03.19	Number of Shares 31.03.18
Trevor Ash	50,000	50,000
Ian Burns	29,242	29,242
Richard Burwood	5,000	5,000
Joanne Fintzen[1]	-	N/A
Jeannette Etherden[2]	N/A	25,000

[1] Joanne Fintzen was appointed to the board on 7 January 2019. Subsequent to the year end, Ms Fintzen purchased 17,476 Ordinary Redeemable Shares in the Company.
[2] Jeanette Etherden retired from the board on 14 March 2019.

Corporate Governance
The Board is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment company in order to comply with the principles of the UK Corporate Governance Code (the "UK Code"). The Company is also required to comply with the Code of Corporate Governance (the "GFSC Code") issued by the Guernsey Financial Services Commission.

The UK Listing Authority requires all UK premium listed companies to disclose how they have complied with the provisions of the UK Code. This Corporate Governance Statement, together with the Going Concern Statement, Viability Statement and the Statement of Directors' Responsibilities set out on pages 25 to 26, indicate how the Company has complied with the principles of good governance of the UK Code and its requirements on Internal Control.

The Company is a member of the AIC and by complying with the 2016 AIC Code of Corporate Governance ("the AIC Code") is deemed to comply with both the UK Code and the GFSC Code.

The Board has considered the principles and recommendations of the AIC Code, by reference to the guidance notes provided by the AIC Guide, and considers that reporting against these will provide appropriate information to shareholders. To ensure ongoing compliance with these principles the Board reviews a report from the Corporate Secretary at each quarterly meeting, identifying how the Company is in compliance and identifying any changes that might be necessary.

The AIC updated its Code on 5 February 2019 to reflect revised Principles and Provisions included in the UK Corporate Governance Code which was revised in 2018. These changes apply to financial years beginning on or after 1 January 2019 and the Directors intend to report on the Company's compliance with the changes in the Annual Report for the year ended 31 March 2020.

The AIC Code and the AIC Guide are available on the AIC's website, www.theaic.co.uk. The UK Code is available in the Financial Reporting Council's website, www.frc.org.uk.

Throughout the year ended 31 March 2019, the Company has complied with the recommendations of the AIC Code and thus the relevant provisions of the UK Code, except as set out below.

DIRECTORS' REPORT Continued

Corporate Governance (continued)
The UK Code includes provisions relating to:

- the role of the Chief Executive;
- Executive Directors' remuneration;
- Annually assessing the need for an internal audit function;
- Remuneration Committee; and
- Nomination Committee.

For the reasons set out in the AIC Guide, the Board considers the first three provisions are not relevant to the position of the Company as it is an externally managed investment company. The Company has therefore not reported further in respect of these provisions. The Board is satisfied that any relevant issues can be properly considered by the Board. The Board, as a whole, fulfils the function of a Nomination and Remuneration Committee and therefore no separate Nomination or Remuneration Committees are considered necessary, as disclosed on page 19.

Details of compliance with the AIC Code are noted below and in the following pages. There have been no other instances of non-compliance, other than those noted above.

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit Committee at its meetings and annually by the Board. The Board believes that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed.

Role, Composition and Independence of the Board
The Board is the Company's governing body and has overall responsibility for maximising the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring protection of investors. A summary of the Board's responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- risk assessment and management including reporting compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

The Board's responsibilities for the Annual Report and Audited Financial Statements are set out in the Statement of Directors' Responsibilities on pages 25 to 26.

The Board currently consists of four non-executive Directors, all of whom are considered to be independent of the Portfolio Manager and as prescribed by the Listing Rules.

The Board considers it has the appropriate balance of diverse skills and experience, independence and knowledge of the Company and the wider sector, to enable it to discharge its duties and responsibilities effectively and that no individual or group of individuals dominates decision making. The Chairman is responsible for leadership of the Board and ensuring its effectiveness. On 5 June 2017, Ian Burns was appointed as the Senior Independent Director.

DIRECTORS' REPORT Continued

Chairman
The Chairman is Trevor Ash. The Chairman of the Board must be independent for the purposes of Chapter 15 of the Listing Rules. Trevor Ash is considered independent because he:

- has no current or historical employment with the Portfolio Manager; and
- has no current directorships in any other investment funds managed by the Portfolio Manager.

Biographies of all the Directors can be found on page 10.

Board Role and Composition
The Board is required to ensure that the Annual Report and Audited Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. In seeking to achieve this, the Directors have set out the Company's investment objective and policy and have explained how the Board and its delegated Committees operate, and how the Directors review the risk environment within which the Company operates and set appropriate risk controls. Furthermore, throughout the Annual Report and Audited Financial Statements the Board has sought to provide further information to enable shareholders to have a fair, balanced and understandable view.

The Board has contractually delegated responsibility for the management of its investment portfolio, the arrangement of custodial and depositary services and the provision of accounting and company secretarial services.

The Board is responsible for the appointment and monitoring of all service providers to the Company.

The Directors are kept fully informed of investment and financial controls and other matters by all services providers that are relevant to the business of the Company and should be brought to the attention of the Directors.

The Company has adopted a policy that the composition of the Board of Directors, which is required by the Company's Articles, comprises of at least two persons, that at all times a majority of the Directors are independent of the Portfolio Manager and any company in the same group as the Portfolio Manager; the Chairman of the Board of Directors is free from any conflicts of interest and is independent of the Portfolio Manager and of any company in the same group as the Portfolio Manager; and that no more than one director, partner, employee or professional adviser to the Portfolio Manager or any company in the same group as the Portfolio Manager may be a Director of the Company at any one time.

The Board has also given careful consideration to the recommendations of the Davies Review. The Board has reviewed its composition and believes that the current appointments provide an appropriate range of skills, experience and diversity. In order to maintain its diversity, the Board is committed to continuing its implementation of the recommendations of the Davies Review as part of its succession planning over future years and by complying with the disclosure requirement of DTR 7.2.8 in terms of the Company's diversity policy.

Directors' Attendance at Meetings
The Board holds quarterly Board meetings, to discuss general management, structure, finance, corporate governance, marketing, risk management, compliance, asset allocation and gearing, contracts and performance. The quarterly Board meetings are the principal source of regular information for the Board enabling it to determine policy and to monitor performance, compliance and controls but these meetings are also supplemented by communication and discussions throughout the year.

DIRECTORS' REPORT Continued

Directors' Attendance at meetings (continued)
A representative of the Portfolio Manager, AIFM, Administrator, Custodian and Depositary and Corporate Broker attends each Board meeting either in person or by telephone thus enabling the Board to fully discuss and review the Company's operation and performance. Each Director has direct access to the Portfolio Manager and Company Secretary and may, at the expense of the Company, seek independent professional advice on any matter.

Both appointment and removal of these parties is to be agreed by the Board as a whole.

The Audit Committee meets at least twice a year, the Management Engagement Committee meets at least once a year and a dividend meeting is held quarterly. In addition, ad hoc meetings of the Board to review specific items between the regular scheduled quarterly meetings can be arranged.

Between formal meetings there is regular contact with the Portfolio Manager, AIFM, Administrator, Custodian and Depositary and the Corporate Broker.

Attendance at the Board and Committee meetings during the year was as follows:

	Quarterly Board Meetings		Audit Committee Meetings		Management Engagement Committee Meetings		Ad hoc Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Trevor Ash	4	4	2	2	1	1	8	6
Ian Burns	4	4	2	2	1	1	8	7
Richard Burwood	4	4	2	2	1	1	8	7
Joanne Fintzen[1]	1	1	1	1	-	-	2	1
Jeannette Etherden[2]	4	4	2	2	1	1	8	5

[1] Joanne Fintzen was appointed to the board on 7 January 2019
[2] Jeanette Etherden retired from the board on 14 March 2019

The number of meetings held indicate the meetings held during each Director's membership of the relevant Board or Committee during the year ended 31 March 2019.

Board Performance and Training
During the prior year, the Board commissioned a review of its performance by external evaluation practitioner Trust Associates Limited. The review determined the Board's approach to corporate governance and its supervision of its regulatory compliance to be good. The review also determined the Board to be effective with independent thought and action with the right balance of skills and experience necessary for its proper functioning and the safeguarding of shareholders' interests.

Retirement by Rotation
Under the terms of their appointment, each Director is required to retire by rotation and be subject to re-election at least every three years. The Directors are required to seek re-election on an annual basis if they have already served for more than nine years. At the 20 September 2018 Annual General Meeting, Trevor Ash was re-elected to the Board. The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a director of the Company becoming effective.

Election of Directors
The election of Directors is set out in the Directors' Remuneration Report on pages 27 and 28.

DIRECTORS' REPORT Continued

UK Criminal Finances Act 2017
In respect of the UK Criminal Finances Act 2017 which has introduced a new Corporate Criminal Offence of 'failing to take reasonable steps to prevent the facilitation of tax evasion', the Board confirms that it is committed to zero tolerance towards the criminal facilitation of tax evasion.

The Board also keeps under review developments involving other social and environmental issues, such as the General Data Protection Regulation ("GDPR"), which came into effect on 25 May 2018, and Modern Slavery, and will report on those to the extent they are considered relevant to the Company's operations. There are no findings to report at year end.

Board Committees and their Activities

Terms of Reference
All Terms of Reference of the Board's Committees are available from the Administrator upon request.

Management Engagement Committee
The Board has established a Management Engagement Committee with formal duties and responsibilities. The Management Engagement Committee commits to meeting at least once a year and comprises the entire Board. Jan Etherden was appointed as Chairperson until her retirement from the Board on 14 March 2019, after which, Richard Burwood was appointed Chairperson. These duties and responsibilities include the regular review of the performance of and contractual arrangements with the Portfolio Manager and other service providers and the preparation of the Committee's annual opinion as to the Portfolio Manager's services.

The Management Engagement Committee carried out a review of the performance and capabilities of the Portfolio Manager and other service providers at its 20 September 2018 meeting and recommended the continued appointment of TwentyFour Asset Management LLP as Portfolio Manager is in the interest of shareholders. The Committee also recommended that the appointment of all the Company's current service providers should continue.

Audit Committee
An Audit Committee has been established consisting of all Directors with Ian Burns appointed as Chairman. The terms of reference of the Audit Committee provide that the committee shall be responsible, amongst other things, for reviewing the Interim and Annual Financial Statements, considering the appointment and independence of external auditors, discussing with the external auditors the scope and results from the audit and reviewing the Company's compliance with the AIC Code.

Further details on the Audit Committee can be found in the Audit Committee Report on pages 29 to 32.

Nomination Committee
There is no separate Nomination Committee. The Board as a whole fulfils the function of a Nomination Committee. Whilst the Directors take the lead in the appointment of new Directors, any proposal for a new Director will be discussed and approved by all members of the Board.

The Company engaged Cornforth Consulting in the process of identifying a replacement for Jeanette Etherden.

Remuneration Committee
In view of its non-executive and independent nature, the Board considers that it is not appropriate for there to be a separate Remuneration Committee. The Board as a whole fulfils the functions of the Remuneration Committee, although the Board has included a separate Directors' Remuneration Report on pages 27 to 28 of these Financial Statements.

DIRECTORS' REPORT Continued

International Tax Reporting
For purposes of the US Foreign Account Tax Compliance Act, the Company registered with the US Internal Revenue Service ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI"), received a Global Intermediary Identification Number (8V9U53.99999.SL.831), and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard developed for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted in Guernsey and which came into effect on 1 January 2016.

The Board ensures that the Company is compliant with Guernsey regulations and guidance in this regard.

Strategy
The strategy for the Company is to target less liquid, higher yielding asset backed securities. These securities, whilst fundamentally robust, do not offer enough liquidity for use in the typical daily mark-to-market UCITs funds, but are well suited to a traded closed-ended vehicle, where investors can obtain liquidity by trading shares on the London Stock Exchange. This part of the fixed income market has been largely overlooked and therefore represents attractive relative value. The strategy aims to generate a dividend in the Reporting Period ending 31 March 2019 of 6 pence per Ordinary Share and in each subsequent Reporting Period such Dividend Target as the Directors determine at their absolute discretion from time to time, with all excess income being distributed to investors at the year-end of the Company.

Internal Controls
The Board is ultimately responsible for establishing and maintaining the Company's system of internal financial and operating control and for maintaining and reviewing its effectiveness. The Company's risk matrix continues to be the core element of the Company's risk management process in establishing the Company's system of internal financial and reporting control. The risk matrix is prepared and maintained by the Board which initially identifies the risks facing the Company and then collectively assesses the likelihood of each risk, the impact of those risks and the strength of the controls operating over each risk. The system of internal financial and operating control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

These controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained and the financial information for publication is reliable. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company.

This process has been in place for the year under review and up to the date of approval of this Annual Report and Audited Financial Statements and is reviewed by the Board and is in accordance with the AIC Code.

The AIC Code requires Directors to conduct at least annually a review of the Company's system of internal financial and operating control, covering all controls, including financial, operational, compliance and risk management. The Board has evaluated the systems of internal controls of the Company. In particular, it has prepared a process for identifying and evaluating the significant risks affecting the Company and the policies by which these risks are managed. The Board also considers whether the appointment of an internal auditor is required and has determined that there is no requirement for a direct internal audit function.

DIRECTORS' REPORT Continued

Internal Controls (continued)
The Board has delegated the day to day responsibilities for the management of the Company's investment portfolio, the provision of depositary services and administration, registrar and corporate secretarial functions including the independent calculation of the Company's NAV and the production of the Annual Report and Financial Statements which are independently audited.

Formal contractual agreements have been put in place between the Company and providers of these services. Even though the Board has delegated responsibility for these functions, it retains accountability for these functions and is responsible for the systems of internal control. At each quarterly Board meeting, compliance reports are provided by the Administrator, Company Secretary, Portfolio Manager, AIFM and Depositary. The Board also receives confirmation from the Administrator of its accreditation under its Service Organisation Controls 1 report.

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit Committee at its meetings and annually by the Board. The Board believes that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed. Principal Risks and Uncertainties are set out below.

Principal Risks and Uncertainties
The Board is responsible for the Company's system of internal financial and reporting controls and for reviewing its effectiveness. The Board is satisfied that by using the Company's risk matrix as its core element in establishing the Company's system, internal financial and reporting controls while monitoring the investment limits and restrictions set out in the Company's investment objective and policy, that the Board has carried out a robust assessment of the principal risks and uncertainties facing the Company.

The principal risks which have been identified and the steps which are taken by the Board to mitigate them are as follows:

Market risk
The underlying investments comprised in the portfolio are subject to market risk. The Company is therefore at risk that market events may affect performance and in particular may affect the value of the Company's investments which are valued on a marked to market basis. Market risk is risk associated with changes in market prices, including spreads, interest rates, economic uncertainty, changes in laws and political (national and international) circumstances. While the Company, through its investments in Asset Backed Securities, intends to hold a diversified portfolio of assets, any of these factors including specific market events, such as the global financial crisis and levels of sovereign debt and the UK's exit from the EU, may have a material impact which could be materially detrimental to the performance of the Company's investments. As the process of a major country leaving the EU has no precedent, the Board and the Portfolio Manager regularly assess the risks and ongoing uncertainties and expect an ongoing period of market uncertainty as the implications are processed.

Under extreme market conditions the portfolio may not benefit from diversification.

Liquidity risk
Investments made by the Company may be relatively illiquid and this may limit the ability of the Company to realise its investments and in turn pay dividends. Substantially all of the assets of the Company are invested in Asset Backed Securities. There may be no active market in the Company's interests in Asset Backed Securities. The Company does not have redemption rights in relation to any of its investments. As a consequence, the value of the Company's investments may be materially adversely affected.

DIRECTORS' REPORT Continued

Principal risks and uncertainties (continued)

Credit risk

The Company may not achieve the Dividend Target and investors may not get back the full value of their investment because it is invested in Asset Backed Securities comprising debt securities issued by companies, trusts or other investment vehicles which, compared to bonds issued or guaranteed by governments, are generally exposed to greater risk of default in the repayment of the capital provided to the issuer or interest payments due to the Company. The amount of credit risk is indicated by the issuer's credit rating which is assigned by one or more internationally recognised rating agencies. This does not amount to a guarantee of the issuer's creditworthiness but generally provides a strong indicator of the likelihood of default. Securities which have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. There is a risk that an internationally recognised rating agency may assign incorrect or inappropriate credit ratings to issuers. Issuers often issue securities which are ranked in order of seniority which, in the event of default, would be reflected in the priority in which investors might be paid back. The level of defaults in the portfolio and the losses suffered on such defaults may increase in the event of adverse financial or credit market conditions.

In the event of a default under an Asset Backed Security, the Company's right to recover under the Asset Backed Security will depend on the ability of the Company to exercise any rights that it has against the borrower under the insolvency legislation of the jurisdiction in which the borrower is incorporated. As a creditor, the Company's level of protection and rights of enforcement may therefore vary significantly from one country to another, may change over time and may be subject to rights and protections which the relevant borrower or its other creditors might be entitled to exercise. Refer to the Investment Objective and Investment Policy on page 3 for information regarding investment restrictions currently in place in order to manage credit risk. The credit ratings on the Company's underlying investments are disclosed in note 16.

Foreign currency risk

The Company is exposed to foreign currency risk through its investments in predominantly Euro denominated assets. The Company's share capital is denominated in Sterling and its expenses are incurred in Sterling. The Company's financial statements are maintained and presented in Sterling. Amongst other factors affecting the foreign exchange markets, events in the Eurozone may have an impact upon the value of the Euro which in turn will impact the value of the Company's Euro denominated investments. The Company manages its exposure to currency movements by using spot and forward foreign exchange contracts, which are rolled forward periodically.

Reinvestment risk

The Portfolio Manager is conscious of the challenge to reinvest any monies that result from principal and income payments and to minimise reinvestment risk as much as possible. Cash flow analysis is conducted on an ongoing basis and is an important part of the Portfolio Management process, ensuring such proceeds can be invested efficiently and in the best interests of the Company.

The Portfolio Manager expects amortisations of around £45m over the next 12 months, however, while market conditions are always subject to change, the Portfolio Manager does not currently foresee reinvestment risk significantly impacting the yield and affecting each quarter's minimum dividend. The Portfolio Manager also recognises the need to be opportunistic as and when market conditions are particularly favourable in order to reinvest any proceeds.

DIRECTORS' REPORT Continued

Other risks and uncertainties
The Board has identified the following other risks and uncertainties along with the steps taken to mitigate them:

Operational risks
The Company is exposed to the risk arising from any failures of systems and controls in the operations of the Portfolio Manager, Administrator, AIFM, Custodian and the Depositary amongst others. The Board and its Audit Committee regularly review reports from the Portfolio Manager, AIFM, the Administrator, Custodian and Depositary on their internal controls. The Administrator, Custodian and Depositary will report to the Portfolio Manager any operational issues which will be brought to the Board for final approval as required.

Accounting, legal and regulatory risks
The Company is exposed to the risk that it may fail to maintain accurate accounting records or fail to comply with requirements of its Admission document and fail to meet listing obligations. The accounting records prepared by the Administrator are reviewed by the Portfolio Manager. The Portfolio Manager, Administrator, AIFM, Custodian, Depositary and Corporate Broker provide regular updates to the Board on compliance with the Admission document and changes in regulation. Changes in the legal or the regulatory environment can have a major impact on some classes of debt. The Portfolio Manager monitors this and takes appropriate action.

Income recognition risk
The Board considers income recognition to be a principal risk and uncertainty of the Company as the Portfolio Manager estimates the remaining expected life of the security and its likely terminal value, which has an impact on the effective interest rate of the Asset Backed Securities which in turn impacts the calculation of interest income. The Board asked the Audit Committee to consider this risk with work undertaken by the Audit Committee as discussed on pages 29 to 32. As a result of the work undertaken by the Audit Committee, the Board is satisfied that income is appropriately stated in all material aspects in the Financial Statements.

Cyber security risks
The Company is exposed to risk arising from a successful cyber-attack through its service providers. The Company requests of its service providers that they have appropriate safeguards in place to mitigate the risk of cyber-attacks (including minimising the adverse consequences arising from any such attack), that they provide regular updates to the Board on cyber security, and conduct ongoing monitoring of industry developments in this area. The Board is satisfied that the Company's service providers have the relevant controls in place to mitigate this risk.

Shareholder Engagement
The Board welcomes shareholders' views and places great importance on communication with its shareholders. Shareholders wishing to meet the Chairman and other Board members should contact the Company's Administrator.

The Portfolio Manager and Listing Sponsor maintain a regular dialogue with institutional shareholders, the feedback from which is reported to the Board.

The Company's Annual General Meeting ("AGM") provides a forum for shareholders to meet and discuss issues of the Company and shareholders with the opportunity to vote on the resolutions as specified in the Notice of AGM. The Notice of the AGM and the results are released to the London Stock Exchange in the form of an announcement. Board members will be available to respond to shareholders' questions at the AGM.

In addition, the Company maintains a website, www.twentyfourincomefund.com, which contains comprehensive information, including links to regulatory announcements, share price information, financial reports, investment objective and investor contacts.

DIRECTORS' REPORT Continued

Significant Shareholdings
Shareholders with holdings of more than 3.0% of the Ordinary Shares of the Company at 11 June 2019 (latest available) were as follows:

	Number of shares	Percentage of issued share capital
Investec Wealth & Investment	47,626,397	9.11%
Aviva Investors	42,612,286	8.15%
Brewin Dolphin, stockbrokers	32,331,706	6.18%
Premier Asset Management	31,035,113	5.93%
Fidelity International	28,316,197	5.41%
Baillie Gifford	25,589,169	4.89%
Charles Stanley	20,458,903	3.91%
BMO Global Asset Management (UK)	17,823,074	3.41%
Killik, stockbrokers	17,703,217	3.38%

Those invested directly or indirectly in 3.0% or more of the issued share capital of the Company will have the same voting rights as other holders of Shares.

Disclosure of Information to Auditors
The Directors who held office at the date of approval of these Financial Statements confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditors
A resolution for the reappointment of PricewaterhouseCoopers CI LLP will be proposed at the forthcoming AGM.

Signed on behalf of the Board of Directors on 11 July 2019 by:

Trevor Ash
Chairman

Ian Burns
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable Guernsey law and regulations.

Guernsey company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards ("IFRS") and applicable law.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with these requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the oversight of the maintenance and integrity of the corporate and financial information in relation to the Company website; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF DIRECTORS' RESPONSIBILITIES Continued

The Directors confirm that to the best of their knowledge:

(a) The Financial Statements have been prepared in accordance with IFRS and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as at and for the year ended 31 March 2019; and

(b) The Annual Report includes information detailed in the Corporate Information, Summary Information, Chairman's Statement, Portfolio Manager's Report, Top Twenty Holdings, Board Members, Disclosure of Directorships in Public Companies Listed on Recognised Stock Exchanges, Directors' Report, Statement of Directors' Responsibilities, Directors' Remuneration Report, Audit Committee Report, Alternative Investment Fund Manager's Report and Depositary Statement provides a fair review of the information required by:

(i) DTR 4.1.8 and DTR 4.1.9 of the Disclosure and Transparency Rules, being a fair review of the Company business and a description of the principal risks and uncertainties facing the Company; and

(ii) DTR 4.1.11 of the Disclosure and Transparency Rules, being an indication of important events that have occurred since the end of the financial year and the likely future development of the Company.

In the opinion of the Board, the Financial Statements taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's performance, business model and strategy.

By order of the Board

Trevor Ash
Chairman
11 July 2019

Ian Burns
Director

DIRECTORS' REMUNERATION REPORT

The Directors' remuneration report has been prepared on behalf of the Directors in accordance with the UK Code as issued by the UK Listing Authority. An ordinary resolution for the approval of the annual remuneration report will be put to the shareholders at the AGM to be held on 19 September 2019.

Remuneration Policy
The Company's policy in regard to Directors' remuneration is to ensure that the Company maintains a competitive fee structure in order to recruit, retain and motivate non-executive Directors of excellent quality in the overall interests of shareholders.

The Directors do not consider it necessary for the Company to establish a separate Remuneration Committee. All of the matters recommended by the UK Code that would be delegated to such a committee are considered by the Board as a whole.

It is the responsibility of the Board as a whole to determine and approve the Directors' fees, following a recommendation from the Chairman who will have given the matter proper consideration, having regard to the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs. The Chairman's remuneration is decided and approved separately by the Board as a whole.

No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long term incentive plans from the Company.

Remuneration
The Directors of the Company are remunerated for their services at such a rate as the Directors determine, provided that the aggregate amount of such fees does not exceed £150,000 per annum.

Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. No Directors have been paid additional remuneration outside the normal Directors' fees and expenses.

In the year ended 31 March 2019, the Directors received the following annual remuneration in the form of Directors' fees:

Trevor Ash (Chairman of the Board)	£36,250
Ian Burns (Audit Committee Chairman)	£33,750
Richard Burwood	£31,250
Jeannette Etherden[1]	£29,500
Joanne Fintzen[2]	£8,167
Total	£138,917

[1] Jeanette Etherden retired from the board on 14 March 2019
[2] Joanne Fintzen was appointed to the board on 7 January 2019

Until 31 December 2018, the annual fees were £35,000 for the Chairman, £32,500 for the Audit Committee Chairman and £30,000 for all other Directors.

Effective from 1 January 2019, the annual fees are £40,000 for the Chairman, £37,500 for Audit Committee Chairman, and £35,000 for all other Directors.

The remuneration policy set out above is the one applied for the year ended 31 March 2019 and is not expected to change in the foreseeable future.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

DIRECTORS' REMUNERATION REPORT Continued

The Directors were appointed as non-executive Directors by letters of appointment. Each Director's appointment letter provides that, upon the termination of his/her appointment, he/she must resign in writing and all records remain the property of the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of director shall be terminated by, among other things: (a) written resignation; (b) unauthorised absences from board meetings for six months or more; (c) unanimous written request of the other directors; and (d) an ordinary resolution of the Company.

Under the terms of their appointment, each Director is required to retire by rotation and be subject to re-election at least every three years. The Directors are required to seek re-election on an annual basis if they have already served for more than nine years. At the 20 September 2018 Annual General Meeting, Trevor Ash was re-elected. The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a director of the Company becoming effective.

The amounts payable to Directors shown in note 14 were for services as non-executive Directors.

No Director has a service contract with the Company, nor are any such contracts proposed.

Signed on behalf of the Board of Directors on 11 July 2019 by:

Trevor Ash
Chairman

Ian Burns
Director

AUDIT COMMITTEE REPORT

On the following pages, we present the Audit Committee's Report, setting out the responsibilities of the Audit Committee and its key activities for the year ended 31 March 2019.

The Audit Committee has continued its detailed scrutiny of the appropriateness of the Company's system of risk management and internal controls, the robustness and integrity of the Company's financial reporting, along with the external audit process. The Committee has devoted time to ensuring that the internal financial and operating controls and processes have been properly established, documented and implemented.

During the course of the year, the information that the Audit Committee has received has been timely and clear and has enabled the Audit Committee to discharge its duties effectively.

The Audit Committee supports the aims of the UK Code and the best practice recommendations of other corporate governance organisations such as the AIC, and believes that reporting against the revised AIC Code allows the Audit Committee to further strengthen its role as a key independent oversight Committee.

Role and Responsibilities
The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities. This includes reviewing the financial reports and other financial information and any significant financial judgement contained therein, before publication.

In addition, the Audit Committee reviews the systems of internal financial and operating controls on a continuing basis that the Administrator, Portfolio Manager, AIFM, and Custodian Depositary and the Board have established with respect to finance, accounting, risk management, compliance, fraud and audit. The Audit Committee also reviews the accounting and financial reporting processes, along with reviewing the roles, independence and effectiveness of the external auditor.

The ultimate responsibility for reviewing and approving the Annual and Interim Financial Statements remains with the Board.

The Audit Committee's full terms of reference can be obtained by contacting the Company's Administrator.

Risk Management and Internal Control
The Board, as a whole, considers the nature and extent of the Company's risk management framework and the risk profile that is acceptable in order to achieve the Company's strategic objectives. As a result, it is considered that the Board has fulfilled its obligations under the AIC Code.

The Audit Committee continues to be responsible for reviewing the adequacy and effectiveness of the Company's ongoing risk management systems and processes. Its system of internal controls, along with its design and operating effectiveness, is subject to review by the Audit Committee through reports received from the Portfolio Manager, AIFM and Custodian and Depositary, along with those from the Administrator and external auditor.

Fraud, Bribery and Corruption
The Audit Committee, in conjunction with the Management Engagement Committee, has relied on the overarching requirement placed on the service providers under the relevant agreements to comply with applicable law, including anti-bribery laws. A review of the service provider policies took place at the Management Engagement Committee Meeting, held on 20 September 2018. The Board receives regular confirmation from all service providers that there has been no fraud, bribery or corruption.

AUDIT COMMITTEE REPORT Continued

Financial Reporting and Significant Financial Issues
The Audit Committee assesses whether suitable accounting policies have been adopted and whether the Portfolio Manager has made appropriate estimates and judgements. The Audit Committee reviews accounting papers prepared by the Portfolio Manager and Administrator which provide details on the main financial reporting judgements.

The Audit Committee also reviews reports by the external auditors which highlight any issues with respect to the work undertaken on the audit.

The significant issues considered during the year by the Audit Committee in relation to the Financial Statements and how they were addressed are detailed below:

(i) Valuation of investments:
The Company's investments had a fair value of £491,596,605 as at 31 March 2019 (31 March 2018: £457,332,017) and represent a substantial portion of net assets of the Company. As such this is the largest factor in relation to the consideration of the Financial Statements. These investments are valued in accordance with the accounting policies set out in note 2 to the Financial Statements. In January 2019 the committee carried out an on-site review of the revaluation processes, systems and controls at the London offices of the Portfolio Manager. By this and through regular reporting during the year by the Portfolio Manager, AIFM, Administrator, Custodian and Depositary the Audit Committee satisfied itself that both the sources of price information and valuation process itself are robust and reliable, and considered the valuation of the investments held by the Company as at 31 March 2019 to be reasonable.

(ii) Income Recognition:
The Audit Committee considered the calculation of income from investments recorded in the Financial Statements as at 31 March 2019. As disclosed in note 3(ii)(b) of the Notes to the Financial Statements on page 54, the estimated life of Asset Backed Securities is determined by the Portfolio Manager, impacting the effective interest rate of the Asset Backed Securities which in turn impacts the calculation of income from investments. The Audit Committee reviewed the Portfolio Manager's process for determining the expected life of the Company's investments and found it to be reasonable based on the explanations provided and information obtained from the Portfolio Manager. The Audit Committee is therefore satisfied that income is correctly stated in the Financial Statements.

Following a review of the presentations and reports from the Portfolio Manager and Administrator and consulting where necessary with the external auditor, the Audit Committee is satisfied that the Financial Statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The Audit Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

The Company's reporting currency is Sterling while a significant proportion of the investments owned are denominated in foreign currencies. The Company operates a hedging strategy designed to mitigate the impact of foreign currency rate changes on the performance of the fund. The Audit Committee has used information from the Administrator and Portfolio Manager to satisfy itself concerning the effectiveness of the hedging process, as well as to confirm that realised and unrealised foreign currency gains and losses have been correctly recorded.

At the request of the Audit Committee, the Administrator confirmed that it was not aware of any material misstatements including matters relating to Financial Statement presentation. At the Audit Committee meeting to review the Annual Report and Audited Financial Statements, the Audit Committee received and reviewed a report on the audit from the external auditors. On the basis of its review of this report, the Audit Committee is satisfied that the external auditor has fulfilled its responsibilities with diligence and professional scepticism. The Audit Committee advised the Board that these Annual Financial Statements, taken as a whole, are fair, balanced and understandable.

AUDIT COMMITTEE REPORT Continued

Financial Reporting and Significant Financial Issues (continued)
(ii) Income Recognition (continued):
The Audit Committee is satisfied that the judgements made by the Portfolio Manager and Administrator are reasonable, and that appropriate disclosures have been included in the Financial Statements.

Going Concern
The going concern basis can be found in the Directors' Report on page 12.

External Auditors
The Audit Committee has responsibility for making a recommendation on the appointment, re-appointment and removal of the external auditors. PricewaterhouseCoopers CI LLP ("PwC") was appointed as the first auditors of the Company. During the year, the Audit Committee received and reviewed audit plans and reports from the external auditors. It is standard practice for the external auditors to meet privately with the Audit Committee without the Portfolio Manager and other service providers being present at each Audit Committee meeting.

To assess the effectiveness of the external audit process, the auditors were asked to articulate the steps that they have taken to ensure objectivity and independence, including where the auditor provides non-audit services. The Audit Committee monitors the auditors' performance, behaviour and effectiveness during the exercise of their duties, which informs the decision to recommend reappointment on an annual basis.

During the year, the Committee performed its annual review of the independence, effectiveness and objectivity of the external auditor and considered the Financial Reporting Council's ("FRC") Audit Quality Review of PwC's previous audit work. The Committee concluded that the effectiveness of the external auditor and the audit process were satisfactory and recommend to the Board the reappointment of PwC as external auditor for the 2019 financial year. Evelyn Brady had been the audit engagement partner since 2014. Under FRC Ethical Standards, the audit opinion for the 31 March 2018 year-end was the final audit opinion that she could sign. Roland Mills replaced her as engagement partner for the 31 March 2019 audit.

As a general rule, the Company does not utilise external auditors for internal audit purposes, secondments or valuation advice. Services which do not compromise auditor independence, such as tax compliance, tax structuring, private letter rulings, accounting advice, quarterly reviews and disclosure advice are normally permitted but will be pre-approved by the Audit Committee.

The following tables summarise the remuneration paid to PwC and to other PwC member firms for audit and non-audit services during the year ended 31 March 2019 and the year ended 31 March 2018.

	01.04.18 to 31.03.19	01.04.17 to 31.03.18
PricewaterhouseCoopers CI LLP - Assurance work	£	£
- Annual audit	57,000	55,000
- Interim review	17,550	16,995
PricewaterhouseCoopers CI LLP - Non-assurance work		
- Reportable Income calculation	8,000	8,000
Ratio of audit to non-audit work	**1 : 0.5**	**1 : 0.5**

The Company does not qualify as an EU Public Interest Entity and is therefore not subject to the restrictions on non-audit services provided by its auditor under this regime.

AUDIT COMMITTEE REPORT Continued

For any questions on the activities of the Audit Committee not addressed in the foregoing, a member of the Audit Committee remains available to attend each AGM to respond to such questions.

The Audit Committee Report was approved by the Audit Committee on 11 July 2019 and signed on behalf by:

Ian Burns
Chairman, Audit Committee
11 July 2019

ALTERNATIVE INVESTMENT FUND MANAGER'S REPORT

Maitland Institutional Services Ltd acts as the Alternative Investment Fund Manager ("AIFM") of TwentyFour Income Fund Limited ("the Company") providing portfolio management and risk management services to the Company.

The AIFM has delegated the following of its alternative investment fund management functions:

- It has delegated the portfolio management function for listed investments to TwentyFour Asset Management LLP.
- It has delegated the portfolio management function for unlisted investments to TwentyFour Asset Management LLP.

The AIFM is required by the Alternative Investment Fund Managers Directive 2011, 61/EU (the "AIFM Directive") and all applicable rules and regulations implementing the AIFM Directive in the UK (the "AIFM" Rules):

- to make the annual report available to investors and to ensure that the annual report is prepared in accordance with applicable accounting standards, the Company's articles of incorporation and the AIFM Rules and that the annual report is audited in accordance with International Standards on Auditing;
- be responsible for the proper valuation of the Company's assets, the calculation of the Company's net asset value and the publication of the Company's net asset value;
- to make available to the Company's shareholders, a description of all fees, charges and expenses and the amounts thereof, which have been directly or indirectly borne by them; and
- ensure that the Company's shareholders have the ability to redeem their share in the capital of the Company in a manner consistent with the principle of fair treatment of investors under the AIFM Rules and in accordance with the Company's redemption policy and its obligations.

The AIFM is required to ensure that the annual report contains a report that shall include a fair and balanced review of the activities and performance of the Company, containing also a description of the principal risks and investment or economic uncertainties that the Company might face.

AIFM Remuneration
Under the Alternative Investment Fund Managers Directive, acting as the AIFM, Maitland Institutional Services Ltd is required to disclose how those whose actions have a material impact on the Company are remunerated.

Due to the nature of the activities conducted by Maitland Institutional Services Ltd, it has deemed itself as a lower risk firm in accordance with SYSC 19B and the remuneration code. The only employees at Maitland Institutional Services Ltd permitted to have a material impact on the risk profile of the AIF are the Board and the Head of Risk and Compliance.

The delegated Portfolio Manager, TwentyFour Asset Management LLP, is subject to regulatory requirements on remuneration that are broadly equivalent to those detailed in the Alternative Investment Fund Managers Directive, which include the Capital Requirements Directive or Markets in Financial Instruments Directive. While a portion of the remuneration paid by the Portfolio Manager is variable and based, in part, on the performance of the investment portfolio, the investment discretion of the Portfolio Manager is strictly controlled within certain pre-defined parameters as detailed in the prospectus of the Company.

ALTERNATIVE INVESTMENT FUND MANAGER'S REPORT Continued

Under the AIFM Directive, the AIFM is required to stipulate how much it pays to its staff, in relation to fixed and variable remuneration and how much, in relation to the Company, is firstly attributed to all staff and those that are deemed, under the directive, to have an impact on the risk profile of the Company. Maitland Institutional Services Ltd does not pay any form of variable remuneration.

The table provided below has been calculated in accordance with the Maitland remuneration policy taking into account fees charged during the year for the TwentyFour Income Fund Limited as Alternative Investment Manager. Our most recent remuneration policy which contains further information on the fees charged for all funds for which we act as Alternative Investment Manager, are available from our website www.maitlandgroup.com.

March 2019	Number of Beneficiaries	Total remuneration paid	Fixed remuneration
Total remuneration paid by the AIFM during the year	85	£174,555	£174,555
Remuneration paid to employees of the AIFM who have a material impact on the risk profile of the AIF	5	£20,205	£20,205

In so far as the AIFM is aware:

- there is no relevant audit information of which the Company's auditors or the Company's board of directors are unaware; and
- the AIFM has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

We hereby certify that this report is made on behalf of the AIFM, Maitland Institutional Services Ltd.

R. Ackermann
P.F. Brickley
Directors
Maitland Institutional Services Ltd
11 July 2019

REPORT OF THE DEPOSITORY TO THE SHAREHOLDERS

for the year ended 31 March 2019

Northern Trust (Guernsey) Limited has been appointed as Depositary to TwentyFour Income Fund Limited (the “Company”) in accordance with the requirements of Article 36 and Articles 21(7), (8) and (9) of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the “AIFM Directive”).

We have enquired into the conduct of Maitland Institutional Services Limited (the “AIFM”) and the Company for the year ended 31 March 2019, in our capacity as Depositary to the Company.

This report including the review provided below has been prepared for and solely for the Shareholders in the Company. We do not, in giving this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Our obligations as Depositary are stipulated in the relevant provisions of the AIFM Directive and the relevant sections of Commission Delegated Regulation (EU) No 231/2013 (collectively the “AIFMD legislation”) and The Authorised Closed Ended Investment Scheme Rules 2008.

Amongst these obligations is the requirement to enquire into the conduct of the AIFM and the Company and their delegates in each annual accounting period.

Our report shall state whether, in our view, the Company has been managed in that period in accordance with the AIFMD legislation. It is the overall responsibility of the AIFM and the Company to comply with these provisions. If the AIFM, the Company or their delegates have not so complied, we as the Depositary will state why this is the case and outline the steps which we have taken to rectify the situation.

The Depositary and its affiliates is or may be involved in other financial and professional activities which may on occasion cause a conflict of interest with its roles with respect to the Company. The Depositary will take reasonable care to ensure that the performance of its duties will not be impaired by any such involvement and that any conflicts which may arise will be resolved fairly and any transactions between the Depositary and its affiliates and the Company shall be carried out as if effected on normal commercial terms negotiated at arm’s length and in the best interests of Shareholders.

Basis of Depositary Review

The Depositary conducts such reviews as it, in its reasonable discretion, considers necessary in order to comply with its obligations and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the constitutional documentation and the appropriate regulations. Such reviews vary based on the type of Fund, the assets in which a Fund invests and the processes used, or experts required, in order to value such assets.

Review

In our view, the Company has been managed during the period, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional documents; and by the AIFMD legislation; and

(ii) otherwise in accordance with the provisions of the constitutional documents; and the AIFMD legislation.

For and on behalf of
Northern Trust (Guernsey) Limited
11 July 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TWENTYFOUR INCOME FUND LIMITED

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of TwentyFour Income Fund Limited (the "Company") as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 March 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

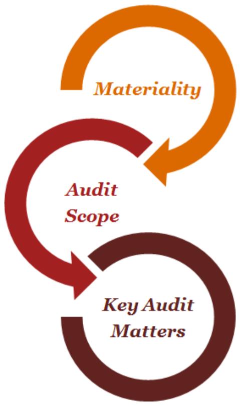
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements of the Company, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



Materiality

- Overall Company materiality was £11.3 million which represents 2.25% of net assets.

Audit scope

- The Company is incorporated and based in Guernsey.
- We conducted our audit of the financial statements from information provided by Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator") to whom the board of directors has delegated the provision of certain functions. The Company engages TwentyFour Asset Management LLP (the "Portfolio Manager") to manage the investment portfolio. We had significant interaction with both the Administrator and Portfolio Manager in completing aspects of our audit work.
- We conducted all of our audit work in Guernsey. Furthermore, we also had a meeting with Portfolio Manager in London during the planning stage of audit.

Key audit matters

- Risk of fraud in interest income on financial assets at fair value through profit or loss
- Valuation of investments

INDEPENDENT AUDITOR'S REPORT Continued

TO THE MEMBERS OF TWENTYFOUR INCOME FUND LIMITED

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Company materiality	£11.3 million (2018: £10.6 million)
How we determined it	2.25% of net assets
Rationale for the materiality benchmark	We believe that net assets is the most appropriate benchmark because this is the key metric of interest to members of the Company.

INDEPENDENT AUDITOR'S REPORT Continued
TO THE MEMBERS OF TWENTYFOUR INCOME FUND LIMITED

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £563,000, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Risk of fraud in interest income financial assets at fair value throu profit or loss Interest income earned in respect of financial assets designated as at fair value through the profit or loss is recognised in the Statement of Comprehensive Income using the effective interest rate method (£27.2 million) as set out in note 2(h). The requirement to estimate the expected cash flows when forming an effective interest rate model is subject to significant management estimate and judgement, as detailed in note 3(ii)(b), and could be open to manipulation by management. As a result, we have designated the risk of fraud in interest income on financial assets at fair value through profit or loss as a significant audit risk.	• We assessed the accounting policy for the recognition of interest income for compliance with International Financial Reporting Standards and ensured that interest income had been accounted for in accordance with the stated accounting policy. • We held discussions with the Portfolio Manager to understand and evaluate the processes in place for recognising interest income and to understand the estimates required by the Portfolio Manager in respect of the expected life of the Asset Backed Securities, expectations on prepayments and expected losses. • We tested the effective interest rate models prepared by the Portfolio Manager and adopted by the Company, and verified key inputs into the models on a sample basis. We also verified the arithmetical accuracy of the models and the interest income summary prepared by the Portfolio Manager. • In assessing the Portfolio Manager's estimates with respect to the expected life of the Asset Backed Securities, expectations on prepayments and expected losses, we obtained supporting documentation to corroborate the Portfolio Manager's estimates. • We also selected a targeted sample of securities to assess if there had been any significant changes to the expected repayment dates from the prior year. Where there had been changes, we obtained supporting explanation and analysis to support those changes. No matters or material differences were identified in our testing which required reporting to those charged with governance.

Key audit matter	How our audit addressed the Key audit matter
Valuation of investments Investments are designated as financial instruments at fair value through the profit or loss and are disclosed separately on the Statement of Financial Position (£491.6 million). Investments comprise of a diverse portfolio of Asset Backed Securities and are fair valued in accordance with the policies set out in note 2(e), and the fair value of investments and movements therein are further disclosed in notes 17 and 9 respectively. Investments represent the most significant balance on the Statement of Financial Position and, due to the market liquidity and assumptions underlying each security, the valuations are subject to management estimate and judgment, as detailed under note 3(ii) (a). Owing to the level of subjectivity that could be applied in fair valuing investments, the risk of manipulation or error could be material and as a result we have designated the valuation of investments as a significant audit risk.	• We understood and evaluated the internal control environment in place at the Administrator and the Portfolio Manager over the valuation of the investment portfolio. • We assessed the accounting policy applicable to the valuation of investments for compliance with International Financial Reporting Standards. During our substantive audit testing noted below, we also determined that the valuation of investments had been accounted for and applied consistently in accordance with the stated accounting policy. • We tested the valuation of investments by using an independent third party price provider to reprice the portfolio. Prices were obtained from a range of sources, including exchange traded and consensus prices. We sought to reprice the entire portfolio, however, where there were investments for which we were unable to be obtain such audit evidence, or for where there were investments that were repriced but exceeded a tolerable variance threshold from the Company's own final year end prices, the engagement team sought supporting evidence for these prices from the Administrator and/or the Portfolio Manager. We assessed the independence, reputation and reliability of the source of the supporting evidence provided in these instances. • In order to determine the ongoing reliability of the investments valuations from period to period, we also, for a sample of disposals, compared the sales transaction price to the most recently recorded valuation prior to the disposal, which allowed us to assess the reliability of the valuation data at that point. No matters or material differences were identified in our testing which required reporting to those charged with governance.

INDEPENDENT AUDITOR'S REPORT Continued

TO THE MEMBERS OF TWENTYFOUR INCOME FUND LIMITED

Other information

The directors are responsible for the other information. The other information comprises all the information included in the Annual Report and Audited Financial Statements but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT Continued
TO THE MEMBERS OF TWENTYFOUR INCOME FUND LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group and the wider economy.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT Continued
TO THE MEMBERS OF TWENTYFOUR INCOME FUND LIMITED

Report on other legal and regulatory requirements
Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

We have nothing to report in respect of the following matters which we have reviewed:

- the directors' statement set out on page 12 in relation to going concern. As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern;

- the directors' statement that they have carried out a robust assessment of the principal risks facing the Company and the directors' statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit; and

- the part of the Corporate Governance Statement relating to the Company's compliance with the ten further provisions of the UK Corporate Governance Code specified for our review.

This report, including the opinion, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Roland Mills
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
July 2019

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2019

	Note	01.04.18 to 31.03.19 £	01.04.17 to 31.03.18 £
Income			
Interest income on financial assets at fair value through profit and loss		27,168,323	29,489,045
Net foreign currency gains/(losses)	8	7,321,109	(5,773,678)
Net (losses)/gains on financial assets at fair value through profit or loss	9	(22,787,164)	25,585,816
Total income		11,702,268	49,301,183
Portfolio management fees	14	(3,462,140)	(3,425,378)
Directors' fees	14	(138,917)	(127,500)
Administration and secretarial fees	15	(236,007)	(237,384)
Audit fees		(57,000)	(55,000)
Custody fees	15	(46,696)	(45,672)
Broker fees		(45,895)	(25,167)
AIFM management fees	15	(174,555)	(166,851)
Depositary fees	15	(65,143)	(64,549)
Legal and professional fees		(337,373)	(29,325)
Listing fees		(59,300)	(24,034)
Registration fees		(26,857)	(28,415)
Other expenses		(83,534)	(3,417)
Total expenses		(4,733,417)	(4,232,692)
Total comprehensive income for the year		6,968,851	45,068,491
Earnings per Ordinary Redeemable Share - Basic & Diluted	4	0.0173	0.114

All items in the above statement derive from continuing operations.

The notes on pages 47 to 75 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Note	31.03.2019 £	31.03.2018 £
Assets			
Current assets			
Financial assets at fair value through profit and loss			
- Investments	9	491,596,605	457,332,017
- Derivative assets: Forward currency contracts	17	52,575	4,135,400
Amounts due from broker		3,908,529	2,607,294
Amounts due from shares issued		3,456,600	-
Other receivables	10	3,112,577	2,844,683
Cash and cash equivalents		36,505,984	11,624,245
Total assets		538,632,870	478,543,639
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit and loss			
- Derivative liabilities: Forward currency contracts	17	1,919,402	202,337
Amounts due to brokers		35,401,772	7,560,754
Other payables	11	846,247	767,417
Total liabilities		38,167,421	8,530,508
Net assets		500,465,449	470,013,131
Equity			
Share capital account	12	459,436,544	407,509,059
Retained earnings		41,028,905	62,504,072
Total equity		500,465,449	470,013,131
Ordinary Redeemable Shares in issue	12	441,814,151	395,814,151
Net Asset Value per Ordinary Redeemable Share (pence)	6	113.28	118.75

The Financial Statements on pages 43 to 75 were approved by the Board of Directors on 11 July 2019 and signed on its behalf by

Trevor Ash
Chairman

Ian Burns
Director

The notes on pages 47 to 75 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2019

	Note	Share capital account £	Retained earnings £	Total £
Balances at 1 April 2018		407,509,059	62,504,072	470,013,131
Issue of shares	12	53,010,450	-	53,010,450
Share issue costs	12	(609,620)	-	(609,620)
Dividend distributions paid		-	(28,917,363)	(28,917,363)
Income equalisation on new issues	5	(473,345)	473,345	-
Total comprehensive gain for the year		-	6,968,851	6,968,851
Balances at 31 March 2019		459,436,544	41,028,905	500,465,449

	Share capital account £	Retained earnings £	Total £
Balances at 1 April 2017	407,509,059	45,102,990	452,612,049
Dividend distributions paid	-	(27,667,409)	(27,667,409)
Total comprehensive gain for the year	-	45,068,491	45,068,491
Balances at 31 March 2018	407,509,059	62,504,072	470,013,131

The notes on pages 47 to 75 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS
For the year ended 31 March 2019

	Note	01.04.18 to 31.03.19 £	01.04.17 to 31.03.18 £
Cash flows from operating activities			
Total comprehensive income for the year		6,968,851	45,068,491
Adjustments for:			
Net losses/(gains) on investments	9	22,787,164	(25,585,816)
Amortisation adjustment under effective interest rate method		(4,906,589)	(9,424,396)
Unrealised losses on forward currency contracts	8	5,799,890	76,997
Exchange (gains)/losses on cash and cash equivalents		(6,700)	1,352
Increase/(decrease) in other receivables		(267,894)	332,821
(Decrease)/increase other payables		(662)	186,774
Purchase of investments	9	(303,568,916)	(383,161,384)
Sale of investments	9	277,963,536	387,237,099
Net cash generated from operating activities		4,768,680	14,731,938
Cash flows from financing activities			
Proceeds from issue of Ordinary Redeemable Shares		49,553,850	-
Share issue costs		(530,128)	-
Dividend distribution		(28,917,363)	(27,667,409)
Net cash inflow/(outflow) from financing activities		20,106,359	(27,667,409)
Increase/(decrease) in cash and cash equivalents		24,875,039	(12,935,471)
Cash and cash equivalents at beginning of the year		11,624,245	24,561,068
Exchange gains/(losses) on cash and cash equivalents		6,700	(1,352)
Cash and cash equivalents at end of the year		36,505,984	11,624,245

The notes on pages 47 to 75 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

1. General Information

TwentyFour Income Fund Limited (the “Company”) was incorporated with limited liability in Guernsey, as a closed-ended investment company on 11 January 2013. The Company’s Shares were listed with a Premium Listing on the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange on 6 March 2013.

The Company’s investment objective and policy is set out in the Summary Information on page 3.

The Portfolio Manager of the Company is TwentyFour Asset Management LLP (the “Portfolio Manager”).

2. Principal Accounting Policies

a) Statement of compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and are in compliance with The Companies (Guernsey) Law, 2008.

b) Presentation of information

The Financial Statements have been prepared on a going concern basis under the historical cost convention adjusted to take account of the revaluation of the Company's financial assets and liabilities at fair value through profit or loss.

c) Standards, amendments and interpretations effective during the year

At the reporting date of these Financial Statements, the following standards, interpretations and amendments, were adopted for the year ended 31 March 2019:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

i) IFRS 9 ‘Financial Instruments’

IFRS 9 'Financial Instruments' (“IFRS 9”) replaces IAS 39 ‘Financial Instruments: Recognition and Measurement’ (“IAS 39”). IFRS 9 specifies how an entity should classify and measure financial assets`. The standard requires all financial assets to be classified on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39.

The standard also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 ‘Presentation of Financial Statements’, which require:

• impairment of financial assets to be presented in a separate line item in the Statement of Comprehensive Income. Under IAS 39, impairment was recognised when losses were incurred. The Company did not previously report any incurred losses; and

• separate presentation in the Statement of Comprehensive Income of interest revenue calculated using the effective interest method.

The adoption of IFRS 9 had no material impact on the net assets attributable to holders of Ordinary Redeemable Shares of the Company.

2. Principal Accounting Policies (continued)
c) Standards, amendments and interpretations effective during the year (continued)
i) IFRS 9 'Financial Instruments' (continued)

Classification and measurement of financial assets and financial liabilities
IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at 1 April 2018.

There was no effect of adopting IFRS 9 on the carrying amounts of the financial assets as at 1 April 2018 which would relate solely to the new impairment requirements.

	Original classification under IAS 39	New Classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial Assets				
Financial assets at fair value through profit or loss:			£	£
- Investments*	Assets at FVTPL	Mandatorily at FVTPL	457,332,017	457,332,017
- Derivative assets: Forward currency contracts	Assets at FVTPL	Mandatorily at FVTPL	4,135,400	4,135,400
Amounts due from Broker	Loans and receivables	Amortised cost	2,607,294	2,607,294
Other receivables (excluding prepayments)	Loans and receivables	Amortised cost	2,825,071	2,825,071
Cash and cash equivalents	Loans and receivables	Amortised cost	11,624,245	11,624,245
Total Financial Assets			478,524,027	478,524,027
Financial Liabilities				
Financial liabilities at fair value through profit or loss:			£	£
- Derivative liabilities: Forward currency contracts	Liabilities at FVPTL	Liabilities at FVPTL	202,337	202,337
Amounts due to brokers	Other financial liabilities	Amortised cost	7,560,754	7,560,754
Other payables	Other financial liabilities	Amortised cost	767,417	767,417
Total Financial Liabilities			8,530,508	8,530,508

* Under IAS 39, these financial assets were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.

There were no changes to the carrying amounts of the financial assets on transition from IAS 39 to IFRS 9.

Impairment of financial assets
IFRS 9 replaces the 'incurred loss' model in IAS 39 with an expected credit loss ("ECL") model. Therefore, the carrying amount of other receivables remains the same under IFRS 9 as the expected credit losses on the financial assets have been assessed as immaterial.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

2. Principal Accounting Policies (continued)

c) Standards, amendments and interpretations effective during the year (continued)

i) IFRS 9 'Financial Instruments' (continued)

Impairment of financial assets (continued)

The new impairment model applies to financial assets measured at amortised cost and the standard mandates the use of the simplified approach to calculating the expected credit losses for trade receivables. The impairment calculation is based on the Company's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. Given the historical level of defaults and the credit risk of the investment portfolio, there is a negligible impact because of the lifetime expected credit loss to be recognised versus the previous impairment model applied by the Company.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9 and the identified impairment loss is also assessed as immaterial.

Transition

The Company applied IFRS 9 prospectively, with an initial application date of 1 April 2018. The Company has not restated the comparative information, which continue to be reported under IAS 39.

ii) IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' specifies how and when to recognise revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. Material revenue streams have been reviewed and there has not been a material impact on timing of recognition or gross up for principal/agent considerations.

The Company has undertaken a review of its revenue streams and concluded that there is no impact on the way in which the Company recognises its revenues as all revenues are earned on financial instruments. The Company has applied IFRS 15 retrospectively although no restatements were required.

d) Standards, amendments and interpretations issued but not yet effective

At the reporting date of these Financial Statements, the following standards, interpretations and amendments, which have not been applied in these Financial Statements, were in issue but not yet effective:

- IFRS 16 Leases (Effective 1 January 2019)

The Company expects that the adoption of IFRS 16 in the future period will not have an impact on the Company's Financial Statements, as it does not hold any leases.

e) Financial assets at fair value through profit or loss

Classification

The Company classifies its investments in debt securities and derivatives as financial assets at fair value through profit or loss.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed and their performance is evaluated on a fair value basis in accordance with the Company's business model per IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2019

2. Principal Accounting Policies (continued)
e) Financial assets at fair value through profit or loss (continued)

Classification (continued)
The Company's policy requires the Portfolio Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Recognition, derecognition and measurement
Regular purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Investments in Asset Backed Securities are the purchase of an interest in pools of loans. The investment characteristics of Asset Backed Securities are such that principal payments are made more frequently than traditional debt securities. The principal may be repaid at any time because the underlying debt or other assets generally may be repaid at any time.

The Company records these principal repayments as they arise and realises a gain or loss in the net gains on financial assets at fair value through profit or loss in the Statement of Comprehensive Income in the period in which they occur.

The interest income arising on these securities is recognised within income in the Statement of Comprehensive Income.

Fair value estimation
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in Asset Backed Securities are fair valued in accordance with either i) or ii) below and the change in fair value, if any, is recorded as net gains/(losses) on financial assets/(liabilities) at fair value through profit or loss in the Statement of Comprehensive Income.

i) Asset Backed Securities traded or dealt on an active market or exchange.
Asset Backed Securities that are traded or dealt on an active market or exchange are valued by reference to their quoted mid-market price as at the close of trading on the reporting date as management deem the mid-market price to be a reasonable approximation of an exit price.

ii) Asset Backed Securities not traded or dealt on an active market or exchange.
Asset Backed Securities which are not traded or dealt on active markets or exchanges are valued by reference to their price, as at the close of business on the reporting date as determined by an independent price vendor. If a price cannot be obtained from an independent price vendor, or where the Portfolio Manager determines that the provided price is not an accurate representation of the fair value of the Asset Backed Security, the Portfolio Manager will source prices at the close of business on the reporting date from third party broker/dealer quotes for the relevant security.

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2019

2. Principal Accounting Policies (continued)

e) Financial assets at fair value through profit or loss (continued)

Fair value estimation (continued)

In cases where no third party price is available (either from an independent price vendor or third party broker/dealer quotes), or where the Portfolio Manager determines that the provided price is not an accurate representation of the fair value of the Asset Backed Security, the Portfolio Manager will determine the valuation based on the Portfolio Manager's valuation policy. This may include the use of a comparable arm's length transaction, reference to other securities that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Forward foreign currency contracts

Forward foreign currency contracts are derivative contracts and as such are recognised at fair value on the date on which they are entered into and subsequently measured at their fair value. Fair value is determined by rates in active currency markets. All forward foreign currency contracts are carried as assets when fair value is positive and as liabilities when fair value is negative. Gains and losses on forward currency contracts are recognised as part of net foreign currency gains in the Statement of Comprehensive Income.

f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

g) Amounts due from and due to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

h) Income

Interest income is recognised on a time-proportionate basis using the effective interest method. Discounts received or premiums paid in connection with the acquisition of Asset Backed Securities are amortised into interest income using the effective interest method over the estimated life of the related security.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate (see note 3(ii)(b)), a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering the expected life of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate and all other premiums or discounts.

i) Cash and cash equivalents

Cash and cash equivalents comprises cash in hand and deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the Statement of Financial Position.

2. Principal Accounting Policies (continued)

j) Share capital

As there are only Ordinary Redeemable Shares in issue, which are redeemable at the discretion of the Board, the shares are presented as equity in accordance with IAS 32 – "Financial Instruments: Disclosure and Presentation". Incremental costs directly attributable to the issue of ordinary redeemable shares are shown in equity as a deduction, net of tax, from the proceeds and disclosed in the Statement of Changes in Equity.

k) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using Sterling, the currency of the primary economic environment in which the Company operates (the "functional currency"). The Financial Statements are presented in Sterling, which is the Company's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income.

l) Transaction costs

Transaction costs on financial assets at fair value through profit or loss include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the Statement of Comprehensive Income.

m) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. The Directors are of the opinion that the Company is engaged in a single segment of business, being investments in Asset Backed Securities. The Directors manage the business in this way. Additional information can be found in note 18.

n) Expenses

All expenses are included in the Statement of Comprehensive Income on an accruals basis. Expenses incurred on the acquisition of investments at fair value through profit or loss are charged to the Statement of Comprehensive Income. All other expenses are recognised through profit or loss in the Statement of Comprehensive Income.

o) Other receivables

Other receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any expected credit losses.

p) Other payables

Other payables are obligations to pay for services that have been acquired in the ordinary course of business. Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2019

2. Principal Accounting Policies (continued)

q) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements and disclosed in the Statement of Changes in Equity in the period in which the dividends are approved by the Board.

r) Income equalisation on new issues

In order to ensure there are no dilutive effects on earnings per share for current shareholders when issuing new shares, a transfer is made between share capital and income to reflect that amount of income included in the purchase price of the new shares.

s) Treasury Shares

The Company has the right to issue and purchase up to 14.99% of the total number of its own shares, as disclosed in note 12.

Shares held in Treasury are excluded from calculations when determining Earnings/(loss) per Ordinary Redeemable Share or Net Asset Value per Ordinary Redeemable Share as detailed in notes 4 and 6.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(i) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements:

Functional currency

As disclosed in note 2(k), the Company's functional currency is Sterling. Sterling is the currency in which the Company measures its performance and reports its results, as well as the currency in which it receives subscriptions from its investors. Dividends are also paid to its investors in Sterling. The Directors believe that Sterling best represents the functional currency.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising which are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2019

3. Significant accounting judgements, estimates and assumptions (continued)

(ii) Estimates and assumptions (continued)

(a) Fair value of securities not quoted in an active markets

The Company carries its investments in Asset Backed Securities at fair value, with changes in value being recognised in the Statement of Comprehensive Income. In cases where prices of Asset Backed Securities are not quoted in an active market, the Portfolio Manager will obtain prices determined at the close of business on the reporting date from an independent price vendor. The Portfolio Manager exercises its judgement on the quality of the independent price vendor and information provided. If a price cannot be obtained from an independent price vendor or where the Portfolio Manager determines that the provided price is not an accurate representation of the fair value of the Asset Backed Security, the Portfolio Manager will source prices from third party broker or dealer quotes for the relevant security. Where no third party price is available, or where the Portfolio Manager determines that the third party quote is not an accurate representation of the fair value, the Portfolio Manager will determine the valuation based on the Portfolio Manager's valuation policy. This may include the use of a comparable arm's length transaction, reference to other securities that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(b) Estimated life of Asset Backed Securities

In determining the estimated life of the Asset Backed Securities held by the Company, the Portfolio Manager estimates the remaining life of the security with respect to expected prepayment rates, default rates and loss rates together with other information available in the market underlying the security. The estimated life of the Asset Backed Securities as determined by the Portfolio Manager, impacts the effective interest rate of the Asset Backed Securities which in turn impacts the calculation of income as discussed in note 2(g).

(c) Determination of observable inputs

In note 17, Fair Value Measurement, when determining the levels of investments within the fair value hierarchy, the determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

4. Earnings per Ordinary Redeemable Share - Basic & Diluted

The earnings per Ordinary Redeemable Share - Basic and Diluted has been calculated based on the weighted average number of Ordinary Redeemable Shares of 402,734,014 (31 March 2018: 395,814,151) and a net gain of £6,968,851 (31 March 2018: net gain of £45,068,491).

5. Income equalisation on new issues

In order to ensure there are no dilutive effects on earnings per share for current shareholders when issuing new shares, earnings are calculated in respect of accrued income at the time of purchase and a transfer is made from share capital to income to reflect this. The transfer for the year is £473,345 (31 March 2018: £Nil).

6. Net Asset Value per Ordinary Redeemable Share

The net asset value of each Share of £1.13 (31 March 2018: £1.19) is determined by dividing the net assets of the Company attributed to the Shares of £500,465,449 (31 March 2018: £470,013,131) by the number of Shares in issue at 31 March 2019 of 441,814,151 (31 March 2018: 395,814,151).

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2019

7. Taxation

The Company has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability for Guernsey taxation is limited to an annual fee of £1,200 (2018: £1,200).

8. Net foreign currency gains/(losses)

	01.04.18 to 31.03.19	01.04.17 to 31.03.18
	£	£
Movement on unrealised loss on forward currency contracts	(5,799,890)	(76,997)
Realised gain/(loss) on foreign currency contracts	13,239,682	(5,577,904)
Unrealised foreign currency loss on receivables/payables	(123,865)	(117,892)
Unrealised foreign currency exchange gain/(loss) on interest receivable	5,182	(885)
	7,321,109	(5,773,678)

9. Investments

	01.04.18 to 31.03.19	01.04.17 to 31.03.18
Financial assets at fair value through profit or loss:	£	£
Unlisted Investments:		
Opening book cost	434,416,774	400,893,973
Purchases at cost	331,409,934	376,649,889
Proceeds on sale/principal repayment	(279,264,771)	(383,727,152)
Amortisation adjustment under effective interest rate method	4,906,587	9,424,396
Realised gains on sale/principal repayment	11,564,064	33,089,087
Realised losses on sale/principal repayment	(8,303,251)	(1,913,419)
Closing book cost	494,729,337	434,416,774
Unrealised gains on investments	9,778,665	24,351,361
Unrealised losses on investments	(12,911,397)	(1,436,118)
Fair value	491,596,605	457,332,017

	01.04.18 to 31.03.19	01.04.17 to 31.03.18
	£	£
Realised gains on sale/principal repayment	11,564,064	33,089,087
Realised losses on sales/principal repayment	(8,303,251)	(1,913,419)
Movement in unrealised gains	(14,572,696)	(6,754,132)
Movement in unrealised losses	(11,475,279)	1,164,280
Net (losses)/gains on financial assets at fair value through profit or loss	(22,787,162)	25,585,816

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2019

10. Other receivables

	As at 31.03.19 £	As at 31.03.18 £
Coupon interest receivable	3,100,037	2,825,071
Prepaid expenses	12,540	19,612
	3,112,577	2,844,683

11. Other payables

	As at 31.03.19 £	As at 31.03.18 £
Portfolio management fees payable	560,933	546,666
Custody fee payable	3,806	2,957
Administration and secretarial fees payable	58,542	60,044
Directors' fee payable	-	31,875
Audit fee payable	57,000	55,000
AIFM management fee payable	41,194	35,991
Depositary fees payable	5,353	5,257
Share issue costs payable	79,492	-
General expenses payable	39,927	29,627
	846,247	767,417

12. Share Capital

Authorised Share Capital
Unlimited number of Ordinary Redeemable Shares at no par value.

Issued Share Capital

	As at 31.03.19 £	As at 31.03.18 £
Ordinary Redeemable Shares		
Share Capital at the beginning of the year	407,509,059	407,509,059
Issued Share Capital	53,010,450	-
Share issue costs	(609,620)	-
Income equalisation on new issues	(473,345)	-
Total Share Capital at the end of the year	459,436,544	407,509,059

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2019

12. Share Capital
Issued Share Capital (continued)

	As at 31.03.19 Shares	As at 31.03.18 Shares
Ordinary Redeemable Shares		
Shares at the beginning of the year	395,814,151	395,814,151
Issue of Shares	46,000,000	-
Total Shares in issue at the end of the year	441,814,151	395,814,151

	As at 31.03.19 £	As at 31.03.18 £
Treasury Shares		
Treasury share capital at the beginning of the year	43,083,300	43,083,300
Total Treasury Share capital in issue at the end of the year	43,083,300	43,083,300

	As at 31.03.19 Shares	As at 31.03.18 Shares
Treasury Shares		
Treasury shares at the beginning of the year	39,000,000	39,000,000
Total Shares in issue at the end of the year	39,000,000	39,000,000

The Share Capital of the Company consists of an unlimited number of Shares with or without par value which, upon issue, the Directors may designate as: Ordinary Redeemable Shares; Realisation Shares or such other class as the Board shall determine and denominated in such currencies as shall be determined at the discretion of the Board.

As at 31 March 2019, one share class has been issued, being the Ordinary Redeemable Shares of the Company.

The Ordinary Redeemable Shares carry the following rights:

a) the Ordinary Redeemable Shares carry the right to receive all income of the Company attributable to the Ordinary Redeemable Shares.

b) the Shareholders present in person or by proxy or present by a duly authorised representative at a general meeting has, on a show of hands, one vote and, on a poll, one vote for each Share held.

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2019

12. Share Capital (continued)

c) 56 days before the annual general meeting date of the Company in each third year (the "Reorganisation Date"), the Shareholders are entitled to serve a written notice (a "Realisation Election") requesting that all or a part of the Ordinary Redeemable Shares held by them be redesignated to Realisation Shares, subject to the aggregate NAV of the continuing Ordinary Redeemable Shares on the last business day before the Reorganisation Date being not less than £100 million. A Realisation Notice, once given is irrevocable unless the Board agrees otherwise. If one or more Realisation Elections be duly made and the aggregate NAV of the continuing Ordinary Redeemable Shares on the last business day before the Reorganisation Date is less than £100 million, the Realisation will not take place. Shareholders do not have a right to have their shares redeemed and shares are redeemable at the discretion of the Board. The next realisation opportunity is due to occur at the end of the next three year term, at the date of the AGM in September 2019.

The Company has the right to issue and purchase up to 14.99% of the total number of its own shares at £0.01 each, to be classed as Treasury Shares and may cancel those Shares or hold any such Shares as Treasury Shares, provided that the number of Shares held as Treasury Shares shall not at any time exceed 10% of the total number of Shares of that class in issue at that time or such amount as provided in the Companies Law.

On 24 January 2017, the Company issued and purchased 39,000,000 Ordinary Shares of £0.01 at a price of 110.47p, to be held in treasury. The total amount paid to purchase these shares was £43,083,300 and has been deducted from the shareholders' equity. The Company has the right to re-issue these shares at a later date. All shares issued were fully paid.

Shares held in Treasury are excluded from calculations when determining Earnings per Ordinary Redeemable Share or Net Asset Value per Ordinary Redeemable Share, as detailed in notes 4 and 6.

13. Analysis of Financial Assets and Liabilities by Measurement Basis

	Assets at fair value through profit and loss £	Amortised cost £	Total £
31 March 2019			
Financial Assets as per Statement of Financial Position			
Financial assets at fair value through profit or loss:			
- Investments	491,596,605	-	491,596,605
- Derivative assets: Forward currency contracts	52,575	-	52,575
Amounts due from broker	-	3,908,529	3,908,529
Amounts due from shares issued	-	3,456,600	3,456,600
Other receivables (excluding prepayments)	-	3,100,037	3,100,037
Cash and cash equivalents	-	36,505,984	36,505,984
	491,649,180	46,971,150	538,620,330

13. Analysis of Financial Assets and Liabilities by Measurement Basis (continued)

	Liabilities at fair value through profit and loss £	Amortised cost £	Total £
Financial Liabilities as per Statement of Financial Position			
Financial liabilities at fair value through profit or loss:			
- Derivative liabilities: Forward currency contracts	1,919,402	-	1,919,402
Amounts due to brokers	-	35,401,772	35,401,772
Other payables	-	846,247	846,247
	1,919,402	36,248,019	38,167,421

	Assets at fair value through profit and loss £	Loans and receivables £	Total £
31 March 2018			
Financial Assets as per Statement of Financial Position			
Financial assets at fair value through profit or loss:			
- Investments	457,332,017	-	457,332,017
- Derivative assets: Forward currency contracts	4,135,400	-	4,135,400
Amounts due from broker	-	2,607,294	2,607,294
Other receivables (excluding prepayments)	-	2,825,071	2,825,071
Cash and cash equivalents	-	11,624,245	11,624,245
	461,467,417	17,056,610	478,524,027

	Liabilities at fair value through profit and loss £	Other financial liabilities £	Total £
Financial Liabilities as per Statement of Financial Position			
Financial liabilities at fair value through profit or loss:			
- Derivative liabilities: Forward currency contracts	202,337	-	202,337
Amounts due to brokers	-	7,560,754	7,560,754
Other payables	-	767,417	767,417
	202,337	8,328,171	8,530,508

14. Related Parties

a) Directors' Remuneration & Expenses

The Directors of the Company are remunerated for their services at such a rate as the Directors determine. The aggregate fees of the Directors will not exceed £150,000.

Until 31 December 2018, the annual fees were £35,000 payable to Mr Ash, the Chairman, £32,500 to Mr Burns as Chairman of the Audit Committee and £30,000 for all other Directors.

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2019

14. Related Parties (continued)

a) Directors' Remuneration & Expenses (continued)

Effective from 1 January 2019, the annual fees are £40,000 for the Chairman, £37,500 for Chairman of the Audit Committee, and £35,000 for all other Directors.

During the year ended 31 March 2019, Directors fees of £138,917 (31 March 2018: £127,500) were charged to the Company, of which £Nil (31 March 2018: £31,875) remained payable at the end of the year.

b) Shares held by related parties

As at 31 March 2019, Directors of the Company held the following shares beneficially:

	Number of Shares 31.03.19	**Number of Shares 31.03.18**
Trevor Ash	50,000	50,000
Ian Burns	29,242	29,242
Richard Burwood	5,000	5,000
Joanne Fintzen[1]	-	N/A
Jeannette Etherden[2]	N/A	25,000

[1] Joanne Fintzen was appointed to the board on 7 January 2019. Subsequent to the year end, Ms Fintzen purchased 17,476 Ordinary Redeemable Shares in the Company.
[2] Jeanette Etherden retired from the board on 14 March 2019.

As at 31 March 2019, the Portfolio Manager held Nil Shares (31 March 2018: Nil Shares) and partners and employees of the Portfolio Manager held 1,797,760 Shares (31 March 2018: 1,689,670 Shares), which is 0.41% (31 March 2018: 0.43%) of the Issued Share Capital.

c) Portfolio Manager

The portfolio management fee is payable to the Portfolio Manager, TwentyFour Asset Management LLP, monthly in arrears at a rate of 0.75% per annum of the lower of Net Asset Value, which is calculated weekly on each valuation day, or market capitalisation of each class of shares. Total portfolio management fees for the year amounted to £3,462,140 (31 March 2018: £3,425,378) of which £560,933 (31 March 2018: £546,666) is due and payable at the year end. The Portfolio Management Agreement dated 29 May 2014 remains in force until determined by the Company or the Portfolio Manager giving the other party not less than twelve months' notice in writing. Under certain circumstances, the Company or the Portfolio Manager is entitled to immediately terminate the agreement in writing.

The Portfolio Manager is also entitled to a commission of 0.15% of the aggregate gross offering proceeds plus any applicable VAT in relation to any issue of new Shares, following admission, in consideration of marketing services that it provides to the Company. During the year, the Portfolio Manager received £79,516 (31 March 2018: £Nil) in commission.

15. Material Agreements

a) Alternative Investment Fund Manager

The Company's Alternative Investment Fund Manager (the "AIFM") is Maitland Institutional Services Limited. In consideration for the services provided by the AIFM under the AIFM Agreement the AIFM is entitled to receive from the Company a minimum fee of £20,000 per annum and fees payable quarterly in arrears at a rate of 0.07% of the Net Asset Value of the Company below £50 million, 0.05% on Net Assets between £50 million and £100 million and 0.03% on Net Assets in excess of £100 million. During the year ended 31 March 2019, AIFM fees of £174,555 (31 March 2018: £166,851) were charged to the Company, of which £41,194 (31 March 2018: £35,991) remained payable at the end of the year.

15. Material Agreements (continued)

b) Administrator and Secretary

Administration fees are payable to Northern Trust International Fund Administration Services (Guernsey) Limited monthly in arrears at a rate of 0.06% of the Net Asset Value of the Company below £100 million, 0.05% on Net Assets between £100 million and £200 million and 0.04% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum £75,000 each year. In addition, an annual fee of £25,000 is charged for corporate governance and company secretarial services. Total administration and secretarial fees for the year amounted to £236,007 (31 March 2018: £237,384) of which £58,542 (31 March 2018: £60,044) is due and payable at end of the year.

c) Depositary

Depositary fees are payable to Northern Trust (Guernsey) Limited, monthly in arrears, at a rate of 0.0175% of the Net Asset Value of the Company up to £100 million, 0.0150% on Net Assets between £100 million and £200 million and 0.0125% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum £25,000 each year. Total depositary fees and charges for the year amounted to £65,143 (31 March 2018: £64,549) of which £5,353 (31 March 2018: £5,257) is due and payable at the year end.

The Depositary is also entitled to a Global Custody fee of a minimum of £8,500 per annum plus transaction fees. Total Global Custody fees and charges for the year amounted to £46,696 (31 March 2018: £45,672) of which £3,806 (31 March 2018: £2,957) is due and payable at the year end.

16. Financial Risk Management

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through an ongoing process of identification, measurement and monitoring.

The Company's financial instruments include investments designated at fair value through profit or loss and cash and cash equivalents. The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The techniques and instruments utilised for the purposes of efficient portfolio management are those which are reasonably believed by the Board to be economically appropriate to the efficient management of the Company.

Market risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk, reinvestment risk and price risk. The Company's strategy on the management of market risk is driven by the Company's investment objective. The Company's investment objective is to generate attractive risk adjusted returns principally through investment in Asset Backed Securities.

(i) Price risk

The underlying investments comprised in the portfolio are subject to market risk. The Company is therefore at risk that market events may affect performance and in particular may affect the value of the Company's investments which are valued on a mark to market basis. Market risk is risk associated with changes in market prices or rates, including interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, national and international political circumstances such as the recent UK vote to leave the EU. The Company's policy is to manage price risk by holding a diversified portfolio of assets, through its investments in Asset Backed Securities.

The Company's policy also stipulates that no more than 5% of the Portfolio value can be exposed to any single Asset Backed Security or issuer of Asset Backed Securities.

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2019

16. Financial Risk Management (continued)
Market risk (continued)
(i) Price risk (continued)
The price of an Asset Backed Security can be affected by a number of factors, including: (i) changes in the market's perception of the underlying assets backing the security; (ii) economic and political factors such as interest rates and levels of unemployment and taxation which can have an impact on the arrears, foreclosures and losses incurred with respect to the pool of assets backing the security; (iii) changes in the market's perception of the adequacy of credit support built into the security's structure to protect against losses caused by arrears and foreclosures; (iv) changes in the perceived creditworthiness of the originator of the security or any other third parties to the transaction; (v) the speed at which mortgages or loans within the pool are repaid by the underlying borrowers (whether voluntary or due to arrears or foreclosures).

(ii) Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of financial assets at fair value through profit or loss.

The tables below summarise the Company's exposure to interest rate risk:

	Floating rate	Fixed rate	Non-interest bearing	Total
As at 31 March 2019	£	£	£	£
Financial assets at fair value through profit or loss	491,596,605	-	-	491,596,605
Derivative assets	-	-	52,575	52,575
Amounts due from broker	-	-	3,908,529	3,908,529
Other receivables	-	-	3,112,577	3,112,577
Cash and cash equivalents	36,505,984	-	-	36,505,984
Capital Shares sold receivable	-	-	3,456,600	3,456,600
Amounts due to broker	-	-	(35,401,772)	(35,401,772)
Other payables	-	-	(846,247)	(846,247)
Derivative liabilities	-	-	(1,919,402)	(1,919,402)
Net current assets	528,102,589	-	(27,637,140)	500,465,449

	Floating rate	Fixed rate	Non-interest bearing	Total
As at 31 March 2018	£	£	£	£
Financial assets at fair value through profit or loss	457,332,017	-	-	457,332,017
Derivative assets	-	-	4,135,400	4,135,400
Amounts due from broker	-	-	2,607,294	2,607,294
Other receivables	-	-	2,844,683	2,844,683
Cash and cash equivalents	11,624,245	-	-	11,624,245
Amounts due to broker	-	-	(7,560,754)	(7,560,754)
Other payables	-	-	(767,417)	(767,417)
Derivative liabilities	-	-	(202,337)	(202,337)
Net current assets	468,956,262	-	1,056,869	470,013,131

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2019

16. Financial Risk Management (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

The Company only holds floating rate financial instruments and when short-term interest rates increase, the interest rate on a floating rate will increase. The time to re-fix interest rates ranges from 1 month to a maximum of 6 months and therefore the Company has minimal interest rate risk. However the Company may choose to utilise appropriate strategies to achieve the desired level of interest rate exposure (the Company is permitted to use, for example, interest rate swaps to accomplish this). The value of asset backed securities may be affected by interest rate movements. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates, however the underlying cash positions will not be affected.

The Company's continuing position in relation to interest rate risk is monitored on a weekly basis by the Portfolio Manager as part of its review of the weekly NAV calculations prepared by the Company's Administrator.

(iii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company invests predominantly in non-Sterling assets while its Shares are denominated in Sterling, its expenses are incurred in Sterling. Therefore the Statement of Financial Position may be significantly affected by movements in the exchange rate between Euro and Sterling. The Company manages the exposure to currency movements by using spot and forward foreign exchange contracts, rolling forward on a periodic basis.

	Contract values	Outstanding contracts	Mark to market equivalent	Unrealised (losses)/gains
	31.03.2019	**31.03.2019**	**31.03.2019**	**31.03.2019**
	€	£	£	£
Eight Sterling forward foreign currency contracts totalling:				
Settlement date 18 April 2019	323,454,001	276,923,458	278,836,592	(1,913,134)
Five Euro forward foreign currency contracts totalling:				
Settlement date 2 April 2019	(3,409,319)	(2,901,682)	(2,937,841)	36,159
Settlement date 18 April 2019	(768,162)	(658,623)	(662,201)	3,578
Spot Contracts Receivable				6,570
				(1,866,827)

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2019

16. Financial Risk Management (continued)

Market risk (continued)

(iii) Foreign currency risk

	Contract values	Outstanding contracts	Mark to market equivalent	Unrealised gains/(losses)
	31.03.2018	31.03.2018	31.03.2018	31.03.2018
	€	£	£	£
Two Sterling forward foreign currency contracts totalling:				
Settlement date 13 April 2018	322,894,014	287,255,340	283,125,370	4,129,970
Three Euro forward foreign currency contracts totalling:				
Settlement date 13 April 2018	(17,853,633)	(15,846,967)	(15,654,723)	(192,244)
Spot Contracts Payable				(4,663)
				3,933,063

As at 31 March 2019 and as at 31 March 2018, the Company held the following assets and liabilities denominated in Euro:

	As at 31.03.2019	As at 31.03.2018
Assets:	£	£
Investments	291,455,842	271,324,285
Cash and cash equivalents	345,503	682,980
Other receivables	2,402,677	2,319,599
Amounts due from broker	-	2,607,294
Amounts due to broker	(22,186,772)	(7,560,754)
Less: Open forward currency contracts	(275,236,551)	(267,470,647)
	(3,219,301)	1,902,757

The tables below summarise the sensitivity of the Company's assets and liabilities to changes in foreign exchange movements between Euro and Sterling at 31 March 2019 and 31 March 2018. The analysis is based on the assumption that the relevant foreign exchange rate increased/decreased by the percentage disclosed in the table, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

	As at 31.03.2019	As at 31.03.2018
	£	£
Impact on Statement of Comprehensive Income in response to a:		
- 10% increase	395,422	(138,041)
- 10% decrease	(232,137)	254,059
Impact on Statement of Changes in Equity in response to a:		
- 10% increase	395,422	(138,041)
- 10% decrease	(232,137)	254,059

16. Financial Risk Management (continued)
Market risk (continued)

(iv) Reinvestment risk
Reinvestment risk is the risk that future coupons from a bond will not be reinvested at the prevailing interest rate when the bond was initially purchased.

A key determinant of a bond's yield is the price at which it is purchased and, therefore, when the market price of bonds generally increases, the yield of bonds purchased generally decreases. As such, the overall yield of the portfolio, and therefore the level of dividends payable to Shareholders, would fall to the extent that the market prices of Asset Backed Securities generally rise and the proceeds of Asset Backed Securities held by the Company that mature or are sold are not able to be reinvested in Asset Backed Securities with a yield comparable to that of the portfolio as a whole.

Price sensitivity analysis
The following details the Company's sensitivity to movement in market prices. The analysis is based on a 5% increase or decrease in market prices. This represents management's best estimate of a reasonable possible shift in market prices, having regard to historical volatility.

At 31 March 2019, if the market prices had been 5% higher with all other variables held constant, the increase in the net assets attributable to equity Shareholders would have been £24,579,830 (31 March 2018: £22,866,601). An equal change in the opposite direction would have decreased the net assets attributable to equity Shareholders by the same amount.

Actual trading results may differ from the above sensitivity analysis and those differences may be material.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

The main concentration of credit risk to which the Company is exposed arises from the Company's investments in Asset Backed Securities. The Company is also exposed to counterparty credit risk on forwards, cash and cash equivalents, amounts due from brokers and other receivable balances. At the year end, one of the Company's investments in Asset Backed Securities was impaired (31 March 2018: none).

The Company's policy to manage this risk is by no more than 20% of the portfolio value being backed by collateral in any single country (save that this restriction will not apply to Northern European countries). The Company also manages this credit risk by no more than 5% of the portfolio being exposed to any single Asset Backed Security or issuer of Asset Back Securities and no more than 10% of the portfolio value being exposed to instruments not deemed securities for the purposes of the Financial Services and Market Act 2000.

16. Financial Risk Management (continued)

Credit risk (continued)

Portfolio of Asset Backed Securities by ratings category using the highest rating assigned by Standard and Poor's ("S&P"), Moody's Analytics (Moody's") or Fitch Ratings ("Fitch"):

	31.03.19	31.03.18
AAA	2.03%	3.31%
AA+	0.00%	1.21%
AA	0.29%	0.81%
AA-	1.49%	1.15%
A+	1.59%	0.69%
A	4.78%	7.38%
A-	3.96%	4.52%
BBB+	6.18%	5.40%
BBB	5.40%	8.88%
BBB-	7.04%	3.90%
BB+	2.52%	2.75%
BB	14.88%	14.60%
BB-	1.62%	1.98%
B+	3.86%	4.11%
B	21.73%	22.90%
B-	1.73%	1.42%
CCC+	1.24%	1.33%
CCC	0.38%	0.27%
NR*	19.28%	13.39%
	100.00%	100.00%

*The non-rated exposure within the Company is managed in exactly the same way as the exposure to any other rated bond in the portfolio. A bond not rated by any of Moody's, S&P or Fitch does not necessarily translate as poor credit quality. Often smaller issues/tranches, or private deals which the Company holds, won't apply for a rating due to the cost of doing so from the relevant credit agencies. The Portfolio Managers have no credit concerns with the unrated, or rated, bonds currently held.

To further minimise credit risk, the Portfolio Manager undertakes extensive due diligence procedures on investments in Asset Backed Securities and monitors the on-going investment in these securities. The Company may also use credit default swaps to mitigate the effects of market volatility on credit risk.

The Company manages its counterparty exposure in respect of cash and cash equivalents and forwards by investing with counterparties with a "single A" or higher credit rating. All cash is currently placed with The Northern Trust Company. The Company is subject to credit risk to the extent that this institution may be unable to return this cash. The Northern Trust Company is a wholly owned subsidiary of The Northern Trust Corporation. The Northern Trust Corporation is publicly traded and a constituent of the S&P 500. The Northern Trust Corporation has a credit rating of A+ from Standard & Poor's and A2 from Moody's.

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2019

16. Financial Risk Management (continued)

Credit risk (continued)

The Company's maximum credit exposure is limited to the carrying amount of financial assets recognised as at the statement of financial position date, as summarised below:

	31.03.19	31.03.18
	£	£
Investments	491,596,605	457,332,017
Cash and cash equivalents	36,505,984	11,624,245
Unrealised gains on derivative assets	52,575	4,135,400
Capital Shares sold receivable	3,456,600	-
Amounts due from broker	3,908,529	2,607,294
Other receivables	3,112,577	2,844,683
	538,632,870	478,543,639

Investments in Asset Backed Securities that are not backed by mortgages present certain risks that are not presented by Mortgage-Backed Securities ("MBS"). Primarily, these securities may not have the benefit of the same security interest in the related collateral. Therefore, there is a possibility that recoveries on defaulted collateral may not, in some cases, be available to support payments on these securities. The risk of investing in these types of Asset Backed Securities is ultimately dependent upon payment of the underlying debt by the debtor.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Investments made by the Company in Asset Backed Securities may be relatively illiquid and this may limit the ability of the Company to realise its investments. Investments in Asset Backed Securities may also have no active market and the Company also has no redemption rights in respect of these investments. The Company has the ability to borrow to ensure sufficient cash flows.

The Portfolio Manager considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. Cash flows from trade and other receivables are all contractually due within twelve months.

The Portfolio Manager maintains a liquidity management policy to monitor the liquidity risk of the Company.

Shareholders have no right to have their shares redeemed or repurchased by the Company, however Shareholders may elect to realise their holdings as detailed under note 12 and the Capital Risk Management section of this note.

Shareholders wishing to release their investment in the Company are therefore required to dispose of their shares on the market. Therefore there is no risk that the Company will not be able to fund redemption requests.

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2019

16. Financial Risk Management (continued)

Liquidity risk (continued)

The tables below analyse the Company's liabilities into relevant maturity groupings based on the maturities at the statement of financial position date. The amounts in the table are the undiscounted net cash flows on the financial liabilities:

	Up to 1 month	1-6 months	6-12 months	Total
As at 31 March 2019	£	£	£	£
Financial liabilities				
Amounts due to brokers	-	(35,401,772)	-	(35,401,772)
Unrealised loss on derivative liabilities	(1,919,402)	-	-	(1,919,402)
Share issue costs payable	(79,492)	-	-	(79,492)
Other payables	(709,755)	(57,000)	-	(766,755)
Total	(2,708,649)	(35,458,772)	-	(38,167,421)

	Up to 1 month	1-6 months	6-12 months	Total
As at 31 March 2018	£	£	£	£
Financial liabilities				
Amounts due to brokers	-	(7,560,754)	-	(7,560,754)
Unrealised loss on derivatives	(202,337)	-	-	(202,337)
Share issue costs payable	-	-	-	-
Other payables	(712,417)	(55,000)	-	(767,417)
Total	(914,754)	(7,615,754)	-	(8,530,508)

Capital risk management

The Company manages its capital to ensure that it is able to continue as a going concern while following the Company's stated investment policy and when considering and approving dividend payments. The capital structure of the Company consists of Shareholders' equity, which comprises share capital and other reserves. To maintain or adjust the capital structure, the Company may return capital to Shareholders or issue new Shares. There are no regulatory requirements to return capital to Shareholders.

(i) Share buybacks

The Company has been granted the authority to make market purchases of up to a maximum of 14.99% of the aggregate number of Ordinary Redeemable Shares in issue immediately following Admission at a price not exceeding the higher of (i) 5% above the average of the mid-market values of the Ordinary Redeemable Shares for the 5 business days before the purchase is made or, (ii) the higher of the price of the last independent trade and the highest current investment bid for the Ordinary Redeemable Shares.

In deciding whether to make any such purchases the Directors will have regard to what they believe to be in the best interests of Shareholders as a whole, to the applicable legal requirements and any other requirements in its Articles. The making and timing of any buybacks will be at the absolute discretion of the Board and not at the option of the Shareholders, and is expressly subject to the Company having sufficient surplus cash resources available (excluding borrowed moneys). The Listing Rules prohibit the Company from conducting any share buybacks during close periods immediately preceding the publication of annual and interim results.

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2019

16. Financial Risk Management (continued)

Capital risk management

(ii)Realisation opportunity

The realisation opportunity shall be at the annual general meeting of the Company in each third year, with the next realisation opportunity being in 2019, subject to the aggregate NAV of the continuing Ordinary Redeemable Shares on the last Business Day before Reorganisation being not less than £100 million.

It is anticipated that realisations will be satisfied by the assets underlying the relevant shares being managed on a realisation basis, which is intended to generate cash for distribution as soon as practicable and may ultimately generate cash which is less than the published NAV per Realisation Share.

In the event that the Realisation takes place, it is anticipated that the ability of the Company to make returns of cash to the holders of Realisation Shares will depend in part on the ability of the Portfolio Manager to realise the portfolio.

(iii) Continuation votes

In the event that the Company does not meet the dividend target in any financial reporting period as disclosed in note 19, the Directors may convene a general meeting of the Company where the Directors will propose a resolution that the Company should continue as an Investment Company.

17. Fair Value Measurement

All assets and liabilities are carried at fair value or at carrying value which equates to fair value.

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
(ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices including interest rates, yield curves, volatilities, prepayment speeds, credit risks and default rates) or other market corroborated inputs (level 2).
(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2019

17. Fair Value Measurement (continued)
The following tables analyse within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value for the years ended 31 March 2019 and 31 March 2018.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Financial assets at fair value through profit or loss:				
Asset Backed Securities:				
Auto Loans	-	7,497,786	-	7,497,786
Buy-to-Let RMBS	-	33,617,638	4,274,394	37,892,032
CLO	-	146,496,116	22,634,620	169,130,736
CMBS	-	19,075,885	-	19,075,885
Consumer ABS	-	23,338,586	23,069,273	46,407,859
Non-Conforming RMBS	-	140,656,997	5,738,296	146,395,293
Prime RMBS	-	58,566,061	4,964,961	63,531,022
Student Loans	-	1,665,992	-	1,665,992
Forward currency contracts	-	52,575	-	52,575
Total assets as at 31 March 2019	-	430,967,636	60,681,544	491,649,180
Liabilities				
Financial liabilities at fair value through profit or loss:				
Forward currency contracts	-	1,919,402	-	1,919,402
Total liabilities as at 31 March 2019	-	1,919,402	-	1,919,402

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2019

17. Fair Value Measurement (continued)

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Financial assets at fair value through profit or loss:				
Asset Backed Securities:				
Auto Loans	-	7,478,778	-	7,478,778
Buy-to-Let RMBS	-	37,148,081	11,415,545	48,563,626
CLO	-	137,037,519	26,925,077	163,962,596
CMBS	-	4,376,846	-	4,376,846
Consumer ABS	-	44,719,647	4,624,151	49,343,798
Non-Conforming RMBS	-	88,225,309	56,869,802	145,095,111
Prime RMBS	-	7,930,225	27,739,640	35,669,865
Student Loans	-	1,235,651	1,605,746	2,841,397
Forward currency contracts	-	4,135,400	-	4,135,400
Total assets as at 31 March 2018	-	332,287,456	129,179,961	461,467,417
Liabilities				
Financial liabilities at fair value through profit or loss:				
Forward currency contracts	-	202,337	-	202,337
Total liabilities as at 31 March 2018	-	202,337	-	202,337

Asset Backed Securities which have a value based on quoted market prices in active markets are classified in level 1. At the end of the year, no Asset Backed Securities held by the Company are classified as level 1.

Asset Backed Securities which are not traded or dealt on organised markets or exchanges are classified in level 2 or level 3. Asset Backed securities priced at cost are classified as level 3. Asset Backed securities with prices obtained from independent price vendors, where the Portfolio Manager is able to assess whether the observable inputs used for their modelling of prices are accurate and the Portfolio Manager has the ability to challenge these vendors with further observable inputs, are classified as level 2. Prices obtained from vendors who are not easily challengeable or transparent in showing their assumptions for the method of pricing these assets, are classified as level 3. Asset Backed Securities priced at an average of two vendors' prices are classified as level 3.

Where the Portfolio Manager determines that the price obtained from an independent price vendor is not an accurate representation of the fair value of the Asset Backed Security, the Portfolio Manager may source prices from third party broker or dealer quotes and if the price represents a reliable and an observable price, the Asset Backed Security is classified in level 2. Any broker quote that is over 20 days old is considered stale and is classified as level 3.

There were no transfers between level 1 and 2 during the year, however transfers between level 2 and level 3 occur based on the Portfolio Manager's ability to obtain a reliable and observable price as detailed above.

17. Fair Value Measurement (continued)

Due to the inputs into the valuation of Asset Backed Securities classified as level 3 not being available or visible to the Company, no meaningful sensitivity on inputs can be performed.

The following tables present the movement in level 3 instruments for the years ended 31 March 2019 and 31 March 2018 by class of financial instrument.

	Opening balance	Net purchases /(sales)	Net realised gain for the period included in the Statement of Comprehensive Income for level 3 Investments held at 31 March 2019	Net unrealised (loss)/gain for the period included in the Statement of Comprehensive Income for level 3 Investments held at 31 March 2019	Transfer into Level 3	Transfer out Level 3	Closing balance
	£	£	£	£	£	£	£
Buy-to-Let RMBS	11,415,545	(8,065,099)	28,579	(35,795)	2,532,194	(1,601,030)	4,274,394
CLO	26,925,077	(9,451,515)	686,952	(2,306,438)	12,393,095	(5,612,551)	22,634,620
Consumer ABS	4,624,151	(4,623,230)	(38,963)	(1,498,289)	24,605,604	-	23,069,273
Non-Conforming RMBS	56,869,802	(17,570,445)	195,998	(220,758)	5,785,031	(39,321,332)	5,738,296
Prime RMBS	27,739,640	(3,856,534)	1,847,870	(1,615,836)	2,685,927	(21,836,106)	4,964,961
Student Loans	1,605,746	-	-	-	-	(1,605,746)	-
Total at 31 March 2019	129,179,961	(43,566,823)	2,720,436	(5,677,116)	48,001,851	(69,976,765)	60,681,544

	Opening balance	Net purchases /(sales)	Net realised gain/(loss) for the year included in the Statement of Comprehensive Income for level 3 Investments held at 31 March 2018	Net unrealised gain/(loss) for the year included in the Statement of Comprehensive Income for level 3 Investments held at 31 March 2018	Transfer into Level 3	Transfer out Level 3	Closing balance
	£	£	£	£	£	£	£
Buy-to-Let RMBS	3,521,770	7,721,719	89,305	82,751	-	-	11,415,545
CLO	11,236,233	11,744,605	1,105,869	340,083	9,539,914	(7,041,627)	26,925,077
Consumer ABS	19,375,719	(7,371,112)	955,419	(179,095)	-	(8,156,780)	4,624,151
Non-Conforming RMBS	3,800,826	36,741,849	(114,809)	1,154,226	19,088,536	(3,800,826)	56,869,802
Prime RMBS	1,411,834	(2,295,001)	540,318	1,808,040	27,686,283	(1,411,834)	27,739,640
Student Loans	-	1,553,260	17,700	34,786	-	-	1,605,746
Total at 31 March 2018	39,346,382	48,095,320	2,593,802	3,240,791	56,314,733	(20,411,067)	129,179,961

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2019

17. Fair Value Measurement (continued)

The following tables analyse within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 31 March 2019 and 31 March 2018 but for which fair value is disclosed.

The assets and liabilities included in the below table are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents include cash in hand and deposits held with banks.

Amounts due to brokers and other payables represent the contractual amounts and obligations due by the Company for settlement of trades and expenses. Amounts due from brokers and other receivables represent the contractual amounts and rights due to the Company for settlement of trades and income.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Cash and cash equivalents	36,505,984	-	-	36,505,984
Amounts due from broker	-	3,908,529	-	3,908,529
Amounts due from shares issued	-	3,456,600	-	3,456,600
Other receivables	-	3,112,577	-	3,112,577
Total assets as at 31 March 2019	**36,505,984**	**10,477,706**	**-**	**46,983,690**
Liabilities				
Amounts due to brokers	-	35,401,772	-	35,401,772
Other payables	-	846,247	-	846,247
Total liabilities as at 31 March 2019	**-**	**36,248,019**	**-**	**36,248,019**

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Cash and cash equivalents	11,624,245	-	-	11,624,245
Amounts due from brokers	-	2,607,294	-	2,607,294
Other receivables	-	2,844,683	-	2,844,683
Total assets as at 31 March 2018	**11,624,245**	**5,451,977**	**-**	**17,076,222**
Liabilities				
Amounts due to brokers	-	7,560,754	-	7,560,754
Other payables	-	767,417	-	767,417
Total liabilities as at 31 March 2018	**-**	**8,328,171**	**-**	**8,328,171**

18. Segmental Reporting

The Board is responsible for reviewing the Company's entire portfolio and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis.

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2019

18. Segmental Reporting (continued)

The Company invests in a diversified portfolio of Asset Backed Securities. The fair value of the major financial instruments held by the Company and the equivalent percentages of the total value of the Company, are reported in the Top Twenty Holdings, included within the Directors' Report.

Revenue earned is reported separately on the face of the Statement of Comprehensive Income as investment income being interest income received from Asset Backed Securities.

19. Dividend Policy

The Board intends to distribute an amount at least equal to the value of the Company's income available for distribution arising each quarter to the holders of Ordinary Redeemable Shares. For these purposes, the Company's income will include the interest payable by the Asset Backed Securities in the Portfolio and the amortisation of any discount or premium to par at which an Asset Backed Security is purchased over its remaining expected life, prior to its maturity. However there is no guarantee that the dividend target for future financial years will be met or that the Company will make any distributions at all.

Distributions made with respect to any quarter comprise (a) the accrued income of the portfolio for the period, and (b) an additional amount to reflect any income purchased in the course of any share subscriptions that took place during the period. Including purchased income in this way ensures that the income yield of the shares is not diluted as a consequence of the issue of new shares during an income period and (c) any income on the foreign exchange contracts created by the LIBOR differentials between each foreign currency pair, less (d) total expenditure for the period.

The Board expects that dividends will constitute the principal element of the return to the holders of Ordinary Redeemable Shares.

Under The Companies (Guernsey) Law, 2008, the Company can distribute dividends from capital and revenue reserves, subject to the net asset and solvency test. The net asset and solvency test considers whether a company is able to pay its debts when they fall due, and whether the value of a company's assets is greater than its liabilities. The Board confirms that the Company passed the net asset and solvency test for each dividend paid.

The Company declared the following dividends in respect of distributable profit for the year ended 31 March 2019:

Period to	Dividend rate per Share (pence)	Net dividend payable (£)	Record date	Ex-dividend date	Pay date
29 June 2018	0.0150	5,937,212	20 July 2018	19 July 2018	31 July 2018
30 September 2018	0.0150	5,937,212	19 October 2018	18 October 2018	31 October 2018
31 December 2018	0.0150	6,237,212	17 January 2019	18 January 2019	31 January 2018
29 March 2019	0.0195	8,834,751	18 April 2019	23 April 2019	30 April 2019

20. Ultimate Controlling Party

In the opinion of the Directors on the basis of shareholdings advised to them, the Company has no ultimate controlling party.

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2019

21. Subsequent Events

These Financial Statements were approved for issuance by the Board on 11 July 2019. Subsequent events have been evaluated until this date.

On 10 April 2019, the Company issued 11.25 million Ordinary Redeemable Shares for a gross consideration of £13 million.

On 30 April 2019, the Company paid a dividend as detailed in note 19.

At the Extraordinary General Meeting of the Company held on 10 May 2019, all Resolutions set out in the Extraordinary General Meeting Notice sent to Shareholders dated 15 April 2019 were duly passed. As such the Company's Investment Policy and Articles of Incorporation were amended.

Amendments to the Investment Policy

The Company's investment policy is to invest in a diversified portfolio of predominantly UK and European Asset Backed Securities.

2.1 Diversification

The Company will maintain a Portfolio diversified by issuer concentration, it being anticipated that the Portfolio will comprise at least 50 Asset Backed Securities at all times.

2.2 Investment restrictions

The Portfolio must comply, as at each date an investment is made, with the following restrictions:
(i) no more than 20 per cent. of the Portfolio value will be backed by collateral in any single country (save that this restriction will not apply to Northern European countries);
(ii) no more than 10 per cent. of the Portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities, but provided that where more than 5 per cent. of the Portfolio value is exposed to a single Asset Backed Security, these Asset Backed Securities in respect of which more than 5 per cent. of the Portfolio value is exposed, may not, in aggregate, make up more than 40 per cent. of the total Portfolio value of the Company;
(iii) no more than 15 per cent. of the Portfolio value will be exposed in aggregate to instruments not deemed securities for the purposes of FSMA, provided that no more than 3 per cent. of the Portfolio value will be exposed to any single such instrument; and
(iv)up to 10 per cent. of the Portfolio value may be exposed to Asset Backed Securities backed by collateral from several countries where, in addition to countries within the UK and Europe, one or more of the countries is outside of the UK and Europe.

As an exception to the requirements set out above the Portfolio Manager will be permitted to purchase new investments at any time when the Portfolio does not comply with one or more of those restrictions so long as, at the time of investment:
• the asset purchased would be compliant with the single country restriction above (even where following the purchase more than 20 per cent. of the Portfolio will be backed by collateral in another single country due to market movements);
• the asset purchased would be compliant with the single Asset Backed Security/issuer exposure restriction above (even where following the purchase more than 10 per cent. of the Portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities, provided that Asset Backed Securities within the Portfolio to which more than 5 per cent. of the Portfolio value is exposed, may not make up more than 40 per cent. of the total Portfolio value of the Company); and
• such purchase does not make the Portfolio, in aggregate, less compliant with any of (i), (ii), (iii) and (iv) above.

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2019

21. Subsequent Events (continued)
Amendments to the Investment Policy (continued)
2.3 Cash management
Uninvested cash or surplus capital or assets may be invested on a temporary basis in:

• cash or cash equivalents, namely money market funds or short term money market funds (as defined in the 'Guidelines on a Common Definition of European Money Market Funds published by the Committee of European Securities Regulators (CESR) and adopted by the European Securities and Markets Authority (ESMA)) and other money market instruments (including certificates of deposit, floating rate notes and fixed rate commercial paper of banks or other counterparties having a "single A" or higher credit rating as determined by any internationally recognised rating agency selected by the Board which, may or may not be registered in the EU); and
• any "government and public securities" as defined for the purposes of the FCA Rules.

2.4 Gearing and derivatives
The Company may employ gearing or derivatives for investment purposes.

The Company may, from time to time, use borrowing for investment opportunities and short-term liquidity purposes, which could be achieved through a loan facility or other types of collateralised borrowing instruments including repurchase transactions or stock lending. The Company may have more than one, loan, repurchase or stock loan facility in place. The Company is permitted to provide security to lenders in order to borrow money, which may be by way of mortgages, charges or other security interests or by way of outright transfer of title to the Company's assets. In this case, the Directors will restrict borrowing to an amount not exceeding 25 per cent. of the Company's Net Asset Value at the time of drawdown. Derivatives may be used for currency hedging purposes as set out below and for efficient portfolio management.

Amendments to the Articles
1. Definitions
Realisation Sale Election - An instruction sent by a Member during the Election Period in accordance with Article 8.1 requesting that all or part of the Ordinary Shares held by such holder be placed out in the market by the Company's broker, redeemed or repurchased or purchased out of the proceeds of a Realisation Issue or such other cash sources as may be available to the Company from time to time or purchased under a tender offer or by a market maker and if not so redeemed or purchased shall be converted into Realisation Shares.

8. Realisation
8.1 The Company may at its discretion make available to Members during an Election Period the opportunity to make a Realisation Sale Election on such basis as the Company shall notify to Members before or at the time that the Company sends to Members a reminder notice in accordance with Article 8.2 below.

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2019

21. Subsequent Events (continued)
Amendments to the Articles (continued)
8. Realisation (continued)
8.2 Unless the Company makes available to Members a Realisation Sale Election in accordance with Article 8.1, Members shall be entitled to serve a Realisation Share Election in writing to the Company at such address as the Company shall specify or if none is specified at the Office or in such other manner as the Board may determine during the Election Period requesting that all or a part, provided such part be rounded up to the nearest whole Ordinary Share, of the Ordinary Shares held by them be redesignated to Realisation Shares with effect from the Reorganisation Date together with, in the case of Certificated shares, the certificates (if any) of such Ordinary Shares to be redesignated and any other evidence that the Board may reasonably require to prove the title of the holder and the due execution by him of the Realisation Share Election or, if the Realisation Share Election is executed by some other Person on his behalf, the authority of that other Person to do so and in the case of Uncertificated shares in accordance with, and otherwise in compliance with, the procedures prescribed by the Board.

8.3 The Company will not less than 56 days prior to the Reorganisation Date remind Ordinary Share-holders of their right to make a Realisation Election and, if required by applicable law or regulation, shall issue a prospectus to enable the Company to issue Realisation Shares.

8.4 A Realisation Election, once given, is irrevocable, unless the Board agrees otherwise.

8.5 Members who do not submit a valid and complete Realisation Election during the Election Period in respect of their Ordinary Shares will be deemed not to have made a Realisation Election in respect of such Ordinary Shares. Ordinary Shares held by Members who do not submit a Realisation Election in respect of those Ordinary Shares will remain Ordinary Shares.

8.6 Subject to the aggregate Net Asset Value of the Ordinary Shares held by Members who do not submit Realisation Elections in respect of those Ordinary Shares (“continuing Ordinary Shares”) at the close of business on the last Business Day before any Reorganisation Date being not less than £100 million (or in the case of Realisation Sale Elections the aggregate of the Net Asset Value of the continuing Ordinary Shares at the close of business on the last Business Day before the Reorganisation Date and the gross proceeds of any Realisation Issue), Ordinary Shares the holders of which have made the Realisation Share Election (where this is available in accordance with Article 8.2) or any Ordinary Shares the holders of which have made Realisation Sale Elections but which are not placed out in the market by the Company’s broker, redeemed or repurchased or purchased out of the proceeds of the Realisation Issue or such other cash sources as may be available to the Company from time to time or purchased under a tender offer or by a market maker will be redesignated as Realisation Shares and the Portfolio will be split in accordance with Article 8.7 into two separate and distinct Pools namely the Continuation Pool comprising the assets attributable to the Continuing Ordinary Shares and the Realisation Pool comprising the assets attributable to the Realisation Shares (which assets will be managed in accordance with an orderly realisation programme with the aim of making progressive returns of cash to holders of Realisation Shares as soon as practicable) with effect from the Reorganisation Date. In the event that some but not all of the Ordinary Shares the holders of which have made Realisation Share Elections (where this is available in accordance with Article 8.2) or any Ordinary Shares the holders of which have made Realisation Sale Elections are placed or repurchased by the Company or purchased by a market maker, the Company shall ensure that so far as is practicable, those Ordinary Shares are placed or repurchased or purchased *pro rata* to the number of Ordinary Shares in respect of which Shareholders have made Realisation Elections.

8.7 The Board shall divide and allocate the assets and liabilities of the Company on the Reorganisation Date in the following manner:

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2019

21. Subsequent Events (continued)

Amendments to the Articles (continued)

8. Realisation (continued)

8.7.1 The assets of the Company, or on any Reorganisation Date (a ''Subsequent Reorganisation Date'') on which Realisation Shares ("Preceding Realisation Shares") redesignated with effect from a preceding Reorganisation Date are still in issue, the assets attributable to the Ordinary Shares in issue immediately before the Subsequent Reorganisation Date, shall be divided as at the opening of business on the Reorganisation Date into two pools which will be accounted for as two separate sub-portfolios, being respectively the Continuation Pool and the Realisation Pool. Each of the Company's holdings of investments (excluding assets attributable to holders of Preceding Realisation Shares) shall be split between the Continuation Pool and the Realisation Pool pro rata as nearly as practicable to the numbers of Ordinary Shares and Realisation Shares (excluding any Preceding Realisation Shares) respectively in existence immediately following Realisation and the remainder of the assets and liabilities (excluding assets and liabilities attributable to holders of Preceding Realisation Shares) being apportioned to the Continuation Pool. Assets and liabilities shall be allocated between the Continuation Pool and the Realisation Pool in such manner as in the Board's opinion best achieves the objective of splitting the Company's assets fairly between the Continuation Pool and the Realisation Pool.

8.7.2 Costs and expenses of the realisation of assets comprising the Realisation Pool will be attributed to the Realisation Pool and the costs and expenses of reorganising the Company's assets into the Continuation Pool and the Realisation Pool (including without limitation the preparation and publication of any prospectus or other publication which may be required in connection with such reorganisation) may be apportioned as between the Continuation Pool and the Realisation Pool in the proportion that the Board in its sole discretion deems fair and reasonable. In particular, the Board may increase the proportion of cash to be allocated to a particular Pool if they consider it would be equitable to both the holders of Realisation Shares and the holders of Ordinary Shares to do so, or if they determine it is necessary or desirable to retain cash for the Company's working capital purposes, they may decrease the proportion of cash to be so allotted and the Board may choose an alternative allocation, or subsequently rebalance the Pools, in respect of non-cash assets if they consider a pro rata allocation to be impracticable or that to do so would be equitable to both holders of Realisation Shares and the holders of Ordinary Shares.

8.8 Ordinary Shares which are redesignated as Realisation Shares will not rank for any dividend or other distribution declared, paid or made on the Ordinary Shares after their redesignation.

8.9 The Board is authorised to cause the Company to repurchase, redeem, convert or otherwise acquire and hold all or any Realisation Shares in such manner and on such terms as the Board may determine, and to redeem any such Realisation Shares *inter alia* for any reason or for no reason at the Board's absolute discretion. The price of shares purchased by the Company may be paid out of the share capital, share premium or retained earnings to the fullest extent permitted under the Law.

8.10 A certificate for new Realisation Shares will be sent within two Months of the Reorganisation Date to each holder without charge, with a new certificate for any balance of Ordinary Shares comprised in the surrendered certificate. To the extent that the Realisation Shares are redeemed on Realisation, the Board need not issue or despatch any certificate in respect thereof.

8.11 Existing Certificates for Ordinary Shares that have been redesignated will cease to be valid.

21. Subsequent Events (continued)
Amendments to the Articles (continued)
8. Realisation (continued)
8.12 If one or more Realisation Elections are duly made and the Net Asset Value of the continuing Ordinary Shares at the close of business on the last Business Day before the Reorganisation Date (and where applicable the gross proceeds of any Realisation Issue) is less than £100 million, the Realisation will not take place, no Ordinary Shares will be redesignated as Realisation Shares and the Portfolio will not be split into the Continuation Pool and the Realisation Pool and with effect from the Reorganisation Date, unless the Directors have previously been released from this obligation by an Extraordinary Resolution, the investment objective and investment policy of the Company will be to realise the Company's assets on a timely basis with the aim of making progressive returns of cash to Members as soon as practicable. The Directors will seek to liquidate the Company's assets as efficiently and at as much value as is possible.

8.13 The provisions of Articles 8 and 9 shall override all other provisions of the Articles that may be inconsistent with Articles 8 and 9.

8.14 The Board may make such alterations to the timetable and procedures as set out in Article 8 as it in its absolute discretion considers appropriate to give effect to the intent of Article 8.

9. Rights of shares following the realisation
9.2 The Realisation Shares shall have the following rights in the event that the Realisation takes place:

9.2.1 As to dividends
All profits of the Company available for distribution by way of dividend and/or distribution from time to time and forming part of or derived from the Realisation Pool (including accumulated revenue reserves by way of dividend forming part of the Realisation Pool), and resolved to be distributed shall be distributed to the holders of Realisation Shares by way of dividend and, for the avoidance of doubt Ordinary Shares which are redesignated as Realisation Shares will not rank for any dividend declared or paid on the Ordinary Shares after their redesignation.

9.2.2 As to capital
On a return of assets on a winding up of the Company, the Realisation Shares carry a right to a return of the nominal amount paid up in respect of such Realisation Shares and a right to share *pari passu* and in proportion to the number of Realisation Shares held, in the surplus assets of the Company remaining in the Realisation Pool after payment of the nominal amount paid up on the Realisation Shares and after payment of all liabilities attaching to the assets in the Realisation Pool and any excess of those liabilities over the amount of the assets in the Realisation Pool will be paid out of the assets in the Continuation Pool.

9.2.3 As to voting
The holders of Realisation Shares shall, subject to any terms on which any new Realisation Shares may be issued, or may for the time being be held, and to the provisions of the Articles, receive notice of, attend and vote at general meetings and shall have one vote for each Realisation Share held, provided that they may not vote on any proposed resolutions other than any resolution proposed at any general meeting of the Company at any time at which Realisation Shares are listed on the Premium segment of the Official List (a) to give effect to the provisions of Article 9.2, and (b) in respect of any matter prescribed by the Listing Rules as requiring approval of the Shareholders of the Company.

21. Subsequent Events (continued)

Amendments to the Articles (continued)

9. Rights of shares following the realisation (continued)

9.2.4 As to class rights

Other than with respect to the Realisation or a winding-up in the case of any proposals drawn up by the Board pursuant to Article 50.1, or if the Company is to be wound up pursuant to Article 8.12, separate approval of the holders of Realisation Shares as a class must be obtained in respect of any proposals which would modify, alter or abrogate the rights attaching to the Realisation Shares including for these purposes (a) any resolution to wind up the Company, or to approve a takeover of the Company or any material change to the investment policy applicable to the Realisation Pool and (b) any proposal to issue or create Realisation Shares other than pursuant to Realisation Elections (in respect of any Reorganisation Date), in which circumstances the prior approval of the holders of Realisation Shares as a class is required by the passing of a resolution at a separate class meeting.

9.2.5 As to redemption

The cash received by the Company as a result of the realisation of assets comprised in the Realisation Pool will be returned to the holders of Realisation Shares as soon as practicable through any of the following means or a combination thereof, at the discretion of the Directors: capital distributions, and/or share repurchases and/or redemptions, and/or tender offers. For the purpose of giving effect to this provision the Board is authorised subject to the provisions of the Articles, to cause the Company to repurchase, redeem, convert or otherwise acquire and hold all or any Realisation Shares in such manner and on such terms as the Board may determine, and to redeem any such Realisation Share *inter alia* for any reason or no reason at the Board's discretion, provided that the price paid per Realisation Share is equal to or greater than the Net Asset Value per Realisation Share, calculated as at the close of business on the first Business Day following the date of the relevant Board decision, less any fiscal charges, fees and expenses incurred by the Company as a result of such purchase, redemption, conversion and/or acquisition. The price of shares purchased and/or redeemed by the Company may be paid out of share capital, share premium or retained earnings or any other reserve forming part of the Realisation Pool to the fullest extent permitted under the Companies Law.

The Realisation Shares created by the redesignation of Ordinary Shares with respect to any Reorganisation Date shall be a separate class of shares which shall be distinct from any Reorganisation Shares created by the redesignation of Ordinary Shares with respect to any Subsequent Reorganisation Date, the Realisation Pool created on any Reorganisation Date shall be a separate pool of assets which shall be distinct from any Realisation Pool created on any Subsequent Reorganisation Date and accordingly each class of Realisation Shares shall as a class have mutatis mutandis the rights attributable to Realisation Shares under Article 9.2.

26. Borrowing powers of the board

The Directors may exercise all the powers of the Company to borrow money for investment opportunities and short-term liquidity purposes, to give guarantees, hypothecate, mortgage, charge or pledge all or part of the Company's assets, property present or future) or undertaking and uncalled capital, or any part thereof for the purposes of financing capital distributions pursuant to the Realisation, share repurchases or redemptions, making investments or satisfying working capital requirements provided that borrowings of the Company may not exceed 25 per cent. of the NAV of the Company as at the time of drawdown (unless approved by the Company by an Ordinary Resolution), and, subject to compliance with the Memorandum and these Articles, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2019

21. Subsequent Events (continued)

Amendments to the Articles (continued)

The provisions of Article 8, 9, and 26 otherwise remain unchanged. However, further technical changes to Articles 1, 23 and 52 have been made so that the Articles conform to Guernsey law, as currently in force and Guernsey and UK current best practice.

On 14 May 2019, the Company issued 70 million shares for a gross consideration of £80.1 million.

On 15 May 2019, Joanne Fintzen purchased 17,476 Ordinary Redeemable Shares in the Company.

As at the date of this report, the Company had 523,064,151 Ordinary Redeemable Shares in issue.

TwentyFour
ASSET MANAGEMENT

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