

**TWENTYFOUR INCOME FUND LIMITED**

**INTERIM MANAGEMENT REPORT AND UNAUDITED CONDENSED  
INTERIM FINANCIAL STATEMENTS**

**For the period from 1 April 2018 to 30 September 2018**

# TwentyFour Income Fund Limited

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# TwentyFour Income Fund Limited

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## CORPORATE INFORMATION

### Directors

Trevor Ash (Chairman)  
Ian Burns (Senior Independent Director)  
Richard Burwood  
Jeannette Etherden

### Custodian, Principal Banker and Depositary

Northern Trust (Guernsey) Limited  
PO Box 71  
Trafalgar Court  
Les Banques  
St Peter Port  
Guernsey, GY1 3DA

### Registered Office

PO Box 255  
Trafalgar Court  
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  
Springfield Lodge  
Colchester Road  
Chelmsford, CM2 5PW

### Broker and Financial Adviser

Numis Securities Limited  
The London Stock Exchange Building  
10 Paternoster Square  
London, EC4M 7LT

### Portfolio Manager

TwentyFour Asset Management LLP  
8<sup>th</sup> Floor, The Monument Building  
11 Monument Street,  
London, EC3R 8AF

### Independent Auditor

PricewaterhouseCoopers CI LLP  
PO Box 321  
Royal Bank Place  
1 Glatigny Esplanade  
St Peter Port  
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  
1<sup>st</sup> Floor  
Tudor House  
Le Bordage  
St Peter Port  
Guernsey, GY1 1DB

# TwentyFour Income Fund Limited

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## 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.

# TwentyFour Income Fund Limited

## 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.

	For the period from 01.04.18 30.09.18	For the year ended 31.03.18	For the period from 01.04.17 to 30.09.17
Total Net Assets	£457,025,616	£470,013,131	£461,351,150
Net Asset Value per share	115.46p	118.75p	116.56p
Share price	120.50p	119.50p	117.75p
Premium to Net Asset Value	4.37%	0.63%	1.02%
Dividends declared in respect of the period/year	3.00p	7.23p	3.00p

As at 15 November 2018, the premium had moved to 3.99%. The estimated NAV per share and mid-market share price stood at 114.68p and 119.25p respectively.

### Ongoing Charges

Ongoing charges for the period ended 30 September 2018 have been calculated in accordance with the Association of Investment Companies (the "AIC") recommended methodology. The ongoing charges for the period ended 30 September 2018 were 0.93% (30 September 2017: 0.90%).

\* 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. Further details on the Company's financial risk management can be found in note 16 of the Company's Annual Financial Statements for the year ended 31 March 2018, which can be found on the Company's website ([www.twentyfourincomefund.com](http://www.twentyfourincomefund.com)).

# TwentyFour Income Fund Limited

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## CHAIRMAN'S STATEMENT

for the period from 1 April 2018 to 30 September 2018

I am pleased to present my report on the Company's progress for the six month period ended 30 September 2018.

The Company's shares continued to trade at a premium during the period, as they have typically done since launch, with the average premium during the period being 4.36%. The range of premium has been relatively wide, from 0.63% at the start of the period to 7.51% during the final month. The Board is willing to continue to authorise the issuance of further shares as a premium management mechanism, when the Portfolio Manager can confirm that attractive investment opportunities are available in the market.

The annualised Net Asset Value ("NAV") total return on the shares from launch to 30 September 2018 was 9.00% (including dividends paid). The NAV per Share rose 0.82% (including dividends paid) during the period, and the income component of the return to investors remained strong as the Company declared two dividends of 1.5p per share, to cover the pro-rata minimum target return of 6p per share. A third dividend of 1.5p and a final dividend covering all excess returns per share in respect of the year is expected to be paid in the second half of the Company's financial year.

The NAV performance (including dividends) of the Company has been pleasingly consistent over the past six months, benefitting from the strong fundamental performance across the markets the Company invests in. This is despite more challenging markets with the backdrop of material geopolitical risk, material changes in inflation and macroeconomic policy; and a moving technical picture as levels of demand and supply in European ABS has changed at times.

Changes in monetary policy at the Fed, ECB and Bank of England have been of interest, highlighting the stability provided by the floating rate nature of the portfolio. Having benefitted from a 25bps rise in base rates during the period, current expectations, as indicated by the futures market, indicate a further rate rise in 2019. In the meantime we have avoided a significant amount of NAV volatility (before dividends paid) that fixed rate securities have suffered via interest rate duration.

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  
15 November 2018

# TwentyFour Income Fund Limited

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## PORTFOLIO MANAGER'S REPORT

for the period from 1 April 2018 to 30 September 2018

### Market Commentary

The six month period to 30 September 2018 was initially one of price and spread stability; however a degree of spread widening was experienced through June and July, before returning to more positive performance during the last two months. During the period the Company's NAV per Share decreased 3.29p whilst the Share Price had a small increase of 1.00p, and dividends for the period totalled 3p.

April was initially a period of better performance in financial markets than the first quarter of 2018 had been, however this scenario changed as both Treasuries and gilts saw volatility. The former experienced a widening of yields as a strong earnings season, higher than expected CPI data and a softer tone from the White House around trade tariffs allowed Fed members to talk the markets' expectations of rates higher. Conversely in the UK, comments from the Monetary Policy Committee ("MPC") talked down expectations of a May rate hike from 95% probability to below 20%, further calling into question the efficacy of forward guidance from governor Carney.

In contrast to the resulting volatility seen across fixed income, the European ABS market was relatively resilient, spreads were stable and market participants engaged actively with new issue transactions. This was illustrated by the good levels of oversubscription, and the wide range of sectors and geographies that accessed the market. Of particular note was the continued resurgence of the Commercial Mortgage Backed Securities market with further deals from Finland and Italy.

During May the focus remained on the US rates market, as flattening provoked fear of an inverted curve which has often been the precursor to a recession; however the political situation in Italy also gained prominence, specifically the rejection of the coalition government's candidate for finance minister, who was deemed to be too "anti-Euro" by the President, leading to speculation of another election being waged on a more obviously anti-EU footing. Credit spreads across corporate markets widened as a result, and spreads on peripheral ABS and CLOs drifted wider in sympathy. UK and non-peripheral risk remained stable and the primary market remained active and liquid.

These wider market pressures continued through June, augmented with pressure on Angela Merkel's position in Germany from her coalition partner, the CSU, over migration policy. Coupled with an increase in international trade tariff rhetoric globally, this led to falls in equities, volatility in sovereign markets and a general reduction in risk sentiment.

While the ABS market was initially quiet as market participants focussed on the annual conference, towards the second half of the month spreads drifted wider across the market, partly driven by earlier and larger moves in corporate credit spreads, but exacerbated by temporary indigestion driven by a material increase in new issuance volumes. This continued through July as issuers looked to complete their funding objectives, while faced with reduced investor appetite as buyers took summer holidays. This forced deals to compete for attention, largely on a price basis. While this meant more attractive spreads on new deals, this filtered through into secondary market pricing, pushing prices down. Spreads largely found a good degree of stability towards the end of the month as primary supply quietened down, setting the tone for August where market activity was subdued.

While the ABS market was quiet, the same could not be said for geopolitical risk, and in August Turkey and Argentina sprang to the forefront of investor concerns, with sanctions from the US for the former, heavy currency depreciation for both and an IMF credit line for the latter dominating headlines. In addition thereto investor sentiment was also driven by further White House scandals and the continuing trade disputes, and Brexit escalation in the UK regarding the Chequers plan.

# TwentyFour Income Fund Limited

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## PORTFOLIO MANAGER'S REPORT Continued

for the period from 1 April 2018 to 30 September 2018

### Market Commentary (continued)

As the period closed ABS investors were concerned that the weakness seen in June and July would continue as the primary market reopened after the summer break. However, the initial transactions that came to market adopted a pragmatic approach, engaging investors with attractive pricing and getting good levels of oversubscription, thereby restarting the market on a positive footing. Subsequent to this issuance volumes have been consistent and as a result spreads across the market have been stable or slightly tighter, allowing for a degree of price appreciation.

### Market Outlook

Sentiment in the ABS market is relatively balanced, with recent fears of a material supply glut largely set aside; however, the Portfolio Management team do continue to view the timing of new issue supply as a driver of market performance. In particular the expectation is that CLO issuance will be relatively low, as the economics of new issue transactions is not as favourable for equity investors given the relative cost of funding versus the yield on senior secured loans. This should help valuations as demand outweighs supply. In addition, while ABS issuance has been higher in 2018 than initially expected, a number of UK issuers have sought to capitalise on the relatively attractive spreads they can issue at in the USD market, taking further supply away from European investors.

Loan pools continue to perform well in fundamental terms with arrears and defaults remaining at historically low levels. This means that market pricing has tended to focus more on the technical balance of supply versus demand, with one eye on external risks such as the continuing rise of populist politics, monetary policy and Brexit, to name a few. While these events are largely less important from a fundamental point of view, the impact of market risk sentiment can spill over from more directly affected financial instruments as risk sentiment changes.

To that end the Portfolio Managers continue to retain a good degree of flexibility within the portfolio, to help mitigate volatility should supply or external events push spreads materially wider, and allow for them to recycle the portfolio into high quality positions at attractive yields.

### Foreign Exchange Accounting

The Company's policy is to hedge foreign exchange risk. During the period the Company held Euro and Sterling denominated assets, and the EUR/GBP exchange rate finished 1.7% higher at the end of the year though it experienced moves in the range of 5.2% over the six months.

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 55% of the Investment Portfolio at the half 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 IAS 39.

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

TwentyFour Asset Management  
15 November 2018

# TwentyFour Income Fund Limited

## TOP TWENTY HOLDINGS

As at 30 September 2018

Security	Nominal/ Shares	Asset Backed Security Sector	Fair Value £	Percentage of Net Asset Value
OPTOM 3 MEZZ	19,300,000	Non-Conforming RMBS	19,300,000	4.22
SCGC 2015-1 E	18,000,000	Consumer ABS	17,231,015	3.77
CBFLU 1 MEZZ	14,000,000	Buy-to-Let RMBS	14,000,000	3.06
TLPNS 1 A	15,000,000	Prime RMBS	13,360,300	2.92
WARW 1 E	10,500,000	Non-Conforming RMBS	10,521,950	2.30
WARW 2 E	9,250,000	Non-Conforming RMBS	9,277,953	2.03
TPMF 2016-GR1X E	9,000,000	Prime RMBS	9,071,438	1.98
TWRBG 2 A	9,000,000	Non-Conforming RMBS	8,973,401	1.96
RMS 28 E	8,550,000	Non-Conforming RMBS	8,687,655	1.90
AURUS 2017-1 G	9,200,000	Consumer ABS	8,277,883	1.81
ERF 5 B	9,050,000	Prime RMBS	7,240,416	1.58
SCGC 2016-1 E	7,500,000	Consumer ABS	7,229,764	1.58
EMACP 2007-NL4 D	9,000,000	Prime RMBS	6,891,954	1.51
ALME 3X FRNE	7,500,000	Leveraged Loan CLO	6,607,319	1.45
AVOCA 16X ER	7,250,000	Leveraged Loan CLO	6,249,444	1.37
PARGN 15X CB	7,600,000	Buy-to-Let RMBS	6,243,354	1.37
CASTE 2017-1 F	6,000,000	Non-Conforming RMBS	6,027,240	1.32
BLACK 2017-2X F	6,100,000	Leveraged Loan CLO	5,088,725	1.11
WARW 2 D	5,000,000	Non-Conforming RMBS	5,015,550	1.10
ERF 5 C	6,800,000	Prime RMBS	4,964,000	1.09

# TwentyFour Income Fund Limited

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## BOARD MEMBERS

Biographical details of the Directors are as follows:

### **Trevor Ash - (Chairman) (age 72)**

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.

### **Jeannette (Jan) Etherden - (Non-executive Director) (age 58)**

Ms Etherden is a resident of the United Kingdom, with over 35 years' experience in the investment industry as an analyst, a fund manager, then a non-executive director. Previously head of UK equities for Confederation Life / Sun Life of Canada, she joined Newton in 1996 as a director specialising in multi-asset segregated portfolios and was also their Investment COO from 1999 to 2001. Subsequently she worked with Olympus Capital Management as business development manager for specialist hedge fund product. She is a director of Miton UK MicroCap Trust plc and of LXI REIT plc. Ms Etherden was appointed to the Board on 17 January 2013.

# TwentyFour Income Fund Limited

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## STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Company's assets are mainly comprised of Asset Backed Securities carrying exposure to risks related to the underlying assets backing the security or the originator of the security. The Company's principal risks are therefore market or economic in nature.

The principal risks and uncertainties assessed by the Board relating to the Company were disclosed in the Annual Report and Audited Financial Statements for the year ended 31 March 2018. The principal risks disclosed can be divided into the various areas as follows:

- **Market risk**  
Market risk is risk associated with changes in market prices including spreads, interest rates, economic uncertainty, changes in laws and national and international political circumstances.
- **Reinvestment risk**  
Reinvestment risk is the risk that any monies resulting from principal and income payments from a bond will not be reinvested at the prevailing interest rate when the bond was initially purchased.
- **Credit risk**  
The investment portfolio is comprised of Asset Backed Securities which expose the Company to credit risk, being the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.
- **Liquidity risk**  
Liquidity risk is that the Company does not have sufficient cash resources to meet obligations, including the dividend target, as they fall due or can only do so on terms that are materially disadvantageous.
- **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 is exposed to foreign currency risk through its investment in predominately Euro denominated assets although mitigates this risk through hedging.

A detailed explanation of these can be found in note 16 of the Annual Report. The Board and Portfolio Manager do not consider these risks to have changed and these risks are considered to remain relevant for the remaining six months of the financial year.

### Related Parties

Related party balances and transactions are disclosed in note 13 of these Unaudited Condensed Interim Financial Statements.

### Going Concern

Under the 2016 UK Corporate Governance Code and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern and to identify any material uncertainties to the Company's ability to continue as a going concern for at least 12 months from the date of approving these Unaudited Condensed Interim Financial Statements.

The Directors believe that it is appropriate to continue to adopt a going concern basis in preparing the Interim Management Report and Unaudited Condensed Interim Financial Statements given the Company's holdings of cash and cash equivalents, the liquidity of investments and the income deriving from those investments, meaning the Company has adequate financial resources to meet its liabilities as they fall due over a period of 12 months from the approval of these Unaudited Condensed Interim Financial Statements.

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### STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES Continued

#### Going Concern (continued)

The Company's articles provide for a realisation opportunity under which Shareholders may elect to realise some or all of their holdings of Ordinary Shares at each third Annual General Meeting, with the next realisation opportunity being in September 2019.

Although there remains uncertainty concerning the outcome of the Realisation Opportunity, having assessed these uncertainties, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the Interim Report and Unaudited Condensed Interim Financial Statements.

# TwentyFour Income Fund Limited

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## DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- these Unaudited Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by DTR 4.2.4R.
- the interim management report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the period from 1 April 2018 to 30 September 2018 and their impact on the Unaudited Condensed Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place during the period from 1 April 2018 to 30 September 2018 and that have materially affected the financial position or performance of the Company during that period as included in note 13.

By order of the Board

**Trevor Ash**  
Chairman  
15 November 2018

**Ian Burns**  
Director

# TwentyFour Income Fund Limited

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## INDEPENDENT REVIEW REPORT

TO TWENTYFOUR INCOME FUND LIMITED

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### Our conclusion

We have reviewed the accompanying condensed interim financial information of TwentyFour Income Fund Limited (the “Company”) as of 30 September 2018. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

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### What we have reviewed

The accompanying condensed interim financial information comprise:

- the condensed statement of financial position as of 30 September 2018;
- the condensed statement of comprehensive income for the six-month period then ended;
- the condensed statement of changes in equity for the six-month period then ended;
- the condensed statement of cash flows for the six-month period then ended; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The condensed interim financial information has been prepared in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

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### Our responsibilities and those of the directors

The Directors are responsible for the preparation and presentation of this condensed interim financial information in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

Our responsibility is to express a conclusion on this condensed interim financial information based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

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### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of interim financial information performed by the independent auditor of the entity’ issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# TwentyFour Income Fund Limited

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## INDEPENDENT REVIEW REPORT Continued

TO TWENTYFOUR INCOME FUND LIMITED

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### Scope of review (continued)

We have read the other information contained in the Interim Management Report and Unaudited Condensed Interim Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers CI LLP  
Chartered Accountants  
Guernsey, Channel Islands  
15 November 2018

- (a) The maintenance and integrity of the TwentyFour Income Fund Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## TwentyFour Income Fund Limited

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 April 2018 to 30 September 2018

		For the period from 01.04.18 to 30.09.18	For the period from 01.04.17 to 30.09.17
	Note	£	£
<b>Income</b>		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest income on financial assets at fair value through profit and loss		13,909,213	14,398,886
Net foreign currency losses	7	(2,806,146)	(8,115,300)
Net (losses)/gains on financial assets at fair value through profit or loss	8	(4,923,865)	20,309,231
<b>Total income</b>		<b>6,179,202</b>	<b>26,592,817</b>
Portfolio management fees	13	(1,727,461)	(1,696,608)
Directors' fees	13	(63,750)	(63,750)
Administration and secretarial fees	14	(119,706)	(117,910)
Audit fees		(27,500)	(25,850)
Custody fees	14	(23,033)	(22,621)
Broker fees		(22,890)	(17,679)
AIFM management fees	14	(84,090)	(82,823)
Depositary fees	14	(32,551)	(32,017)
Legal and professional fees		(251,725)	(22,895)
Other expenses		(71,072)	21,422
<b>Total expenses</b>		<b>(2,423,778)</b>	<b>(2,060,731)</b>
Total comprehensive income for the period		3,755,424	24,532,086
<b>Earnings per Ordinary Redeemable Share - Basic &amp; Diluted</b>	3	<b>0.009</b>	<b>0.062</b>

All items in the above statement derive from continuing operations.

The notes on pages 19 to 32 form an integral part of these Unaudited Condensed Interim Financial Statements.

# TwentyFour Income Fund Limited

## CONDENSED STATEMENT OF FINANCIAL POSITION

as at 30 September 2018

Assets	Note	30.09.2018 £ (Unaudited)	31.03.2018 £ (Audited)
<b>Current assets</b>			
Financial assets at fair value through profit and loss			
- Investments	8	439,772,585	457,332,017
- Derivative assets: Forward currency contracts	16	3,858,606	4,135,400
Amounts due from broker		-	2,607,294
Other receivables	9	2,528,559	2,844,683
Cash and cash equivalents		19,302,873	11,624,245
<b>Total current assets</b>		<b>465,462,623</b>	<b>478,543,639</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities at fair value through profit and loss			
- Derivative liabilities: Forward currency contracts	16	18,621	202,337
Amounts due to brokers		7,644,478	7,560,754
Other payables	10	773,908	767,417
<b>Total liabilities</b>		<b>8,437,007</b>	<b>8,530,508</b>
<b>Net current assets</b>		<b>457,025,616</b>	<b>470,013,131</b>
<b>Equity</b>			
Share capital account	11	407,509,059	407,509,059
Retained earnings		49,516,557	62,504,072
<b>Total equity</b>		<b>457,025,616</b>	<b>470,013,131</b>
Ordinary Redeemable Shares in issue	11	395,814,151	395,814,151
Net Asset Value per Ordinary Redeemable Share (pence)	5	115.46	118.75

The Financial Statements on pages 15 to 32 were approved by the Board of Directors on 15 November 2018 and signed on its behalf by:

**Trevor Ash**  
Chairman

**Ian Burns**  
Director

The notes on pages 19 to 32 form an integral part of these Unaudited Condensed Interim Financial Statements.

## TwentyFour Income Fund Limited

### CONDENSED STATEMENT OF CHANGES IN EQUITY

for the period from 1 April 2018 to 30 September 2018

	Share capital account	Retained earnings	Total
	£	£	£
<b>Balances at 1 April 2018</b>	407,509,059	62,504,072	470,013,131
Distributions paid	-	(16,742,939)	(16,742,939)
Total comprehensive gain for the period	-	3,755,424	3,755,424
<b>Balances at 30 September 2018 (unaudited)</b>	<b>407,509,059</b>	<b>49,516,557</b>	<b>457,025,616</b>

	Share capital account	Retained earnings	Total
	£	£	£
<b>Balances at 1 April 2017</b>	407,509,059	45,102,990	452,612,049
Distributions paid	-	(15,792,985)	(15,792,985)
Total comprehensive gain for the period	-	24,532,086	24,532,086
<b>Balances at 30 September 2017 (unaudited)</b>	<b>407,509,059</b>	<b>53,842,091</b>	<b>461,351,150</b>

The notes on pages 19 to 32 form an integral part of these Unaudited Condensed Interim Financial Statements.

# TwentyFour Income Fund Limited

## CONDENSED STATEMENT OF CASH FLOWS

for the period from 1 April 2018 to 30 September 2018

	Note	For the period from 01.04.18 to 30.09.18 £ (Unaudited)	For the period from 01.04.17 to 30.09.17 £ (Unaudited)
<b>Cash flows from operating activities</b>			
Total comprehensive income for the period		3,755,424	24,532,086
Adjustments for:			
Net losses/(gains) on investments	8	4,923,865	(20,309,231)
Amortisation adjustment under effective interest rate method		(2,931,412)	(4,532,307)
Unrealised losses on forward currency contracts	7	93,078	4,105,073
Exchange losses/(gains) on cash and cash equivalents		1,121	(165)
Decrease in other receivables		316,124	403,819
Increase other payables		6,491	463,431
Purchase of investments		(162,114,527)	(209,928,866)
Sale of investments		180,372,524	216,815,844
Net cash generated from operating activities		<u>24,422,688</u>	<u>11,549,684</u>
<b>Cash flows from financing activities</b>			
Dividend distribution		(16,742,939)	(15,792,985)
Net cash outflow from financing activities		<u>(16,742,939)</u>	<u>(15,792,985)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>7,679,749</u>	<u>(4,243,301)</u>
Cash and cash equivalents at beginning of the period		11,624,245	24,561,068
Exchange (losses)/gains on cash and cash equivalents		(1,121)	165
<b>Cash and cash equivalents at end of the period</b>		<u>19,302,873</u>	<u>20,317,932</u>

The notes on pages 19 to 32 form an integral part of these Unaudited Condensed Interim Financial Statements.

# TwentyFour Income Fund Limited

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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the period from 1 April 2018 to 30 September 2018

### 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 Unaudited Condensed Interim Financial Statements for the period 1 April 2018 to 30 September 2018 have been prepared on a going concern basis in accordance with IAS 34 “Interim Financial Reporting”, the Disclosure Guidance and Transparency Rules Sourcebook of the United Kingdom’s Financial Conduct Authority (“FCA”) and applicable legal and regulatory requirements.

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 March 2018, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) and which received an unqualified auditor’s report.

#### b) Changes in accounting policy

In the current financial period, there have been no changes to the accounting policies from those applied in the most recent audited annual financial statements, except for IFRS 9 ‘Financial Instruments’ and IFRS 15 ‘Revenue from Contracts with Customers’.

#### c) Significant judgements and estimates

In the current financial period, there have been no changes to the significant accounting judgements, estimates and assumptions from those applied in the most recent audited annual financial statements.

#### d) Standards, amendments and interpretations effective during the period

The accounting policies adopted are consistent with those used in the Annual Report and Audited Financial Statements for the year ended 31 March 2018. As disclosed in those Annual Financial Statements, IFRS 9, ‘Financial Instruments’, and IFRS 15, ‘Revenue from contracts with customers’, were applicable for financial reporting periods starting 1 January 2018. As such, these standards have been adopted by the Company, but have not materially affected the Company. There were no other new standards, interpretations or amendments to standards issued and effective for the period that materially impacted the Company.

### 3. 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 395,814,151 (30 September 2017: 395,814,151) and a net gain of £3,755,424 (30 September 2017: net gain of £24,532,086).

### 4. 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 £Nil as there were no share issues (30 September 2017: £Nil).

# TwentyFour Income Fund Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2018 to 30 September 2018

### 5. Net Asset Value per Ordinary Redeemable Share

The net asset value of each Share of £1.15 (31 March 2018: £1.19) is determined by dividing the net assets of the Company attributed to the Shares of £457,025,616 (31 March 2018: £470,013,131) by the number of Shares in issue at 30 September 2018 of 395,814,151 (31 March 2017: 395,814,151).

### 6. 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 (2017: £1,200).

### 7. Net foreign currency losses

	For the period from 01.04.18 to 30.09.18 £ (Unaudited)	For the period from 01.04.17 to 30.09.17 £ (Unaudited)
Movement on unrealised loss on forward currency contracts	(93,078)	(4,105,073)
Realised loss on foreign currency contracts	(2,695,110)	(3,906,430)
Unrealised foreign currency loss on receivables/payables	(26,768)	(75,394)
Unrealised foreign currency exchange gain/(loss) on interest receivable	8,810	(28,403)
	<u>(2,806,146)</u>	<u>(8,115,300)</u>

### 8. Investments

	For the period from 01.04.18 to 30.09.18 £ (Unaudited)	01.04.17 to 31.03.18 £ (Audited)
<b>Financial assets at fair value through profit or loss:</b>		
<b>Unlisted Investments:</b>		
Opening book cost	434,416,774	400,893,973
Purchases at cost	162,198,251	376,649,889
Proceeds on sale/principal repayment	(177,765,230)	(383,727,152)
Amortisation adjustment under effective interest rate method	2,931,412	9,424,396
Realised gains on sale/principal repayment	10,381,636	33,089,087
Realised losses on sale/principal repayment	(2,108,544)	(1,913,419)
Closing book cost	<u>430,054,299</u>	<u>434,416,774</u>
Unrealised gains on investments	14,868,491	24,351,361
Unrealised losses on investments	(5,150,205)	(1,436,118)
<b>Fair value</b>	<u><u>439,772,585</u></u>	<u><u>457,332,017</u></u>

The Company does not experience any seasonality or cyclicity in its investment activities.

# TwentyFour Income Fund Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2018 to 30 September 2018

### 8. Investments (continued)

	For the period from 01.04.18 to 30.09.18 £ (Unaudited)	For the period from 01.04.17 to 30.09.17 £ (Unaudited)
Realised gains on sale/principal repayment	10,381,636	22,861,967
Realised losses on sales/principal repayment	(2,108,544)	(6,857,786)
Movement in unrealised gains	(9,482,870)	8,250,717
Movement in unrealised losses	(3,714,087)	(3,945,667)
<b>Net (losses)/gains on financial assets at fair value through profit or loss</b>	<b>(4,923,865)</b>	<b>20,309,231</b>

### 9. Other receivables

	As at 30.09.18 £ (Unaudited)	As at 31.03.18 £ (Audited)
Coupon interest receivable	2,479,741	2,825,071
Prepaid expenses	48,818	19,612
	<b>2,528,559</b>	<b>2,844,683</b>

### 10. Other payables

	As at 30.09.18 £ (Unaudited)	As at 31.03.18 £ (Audited)
Portfolio management fees payable	553,019	546,666
Custody fee payable	2,672	2,957
Administration and secretarial fees payable	62,657	60,044
Directors' fee payable	31,875	31,875
Audit fee payable	27,500	55,000
AIFM management fee payable	35,970	35,991
Depository fees payable	4,962	5,257
General expenses payable	55,253	29,627
	<b>773,908</b>	<b>767,417</b>

# TwentyFour Income Fund Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2018 to 30 September 2018

### 11. Share Capital

#### Authorised Share Capital

Unlimited number of Ordinary Redeemable Shares at no par value.

#### Issued Share Capital

	As at 30.09.18 £ (Unaudited)	As at 31.03.18 £ (Audited)
<b>Ordinary Redeemable Shares</b>		
Share Capital at the beginning of the period/year	407,509,059	407,509,059
Total Share Capital at the end of the period/year	407,509,059	407,509,059
	As at 30.09.18 Shares (Unaudited)	As at 31.03.18 Shares (Audited)
<b>Ordinary Redeemable Shares</b>		
Shares at the beginning of the period/year	395,814,151	395,814,151
Total Shares in issue at the end of the period/year	395,814,151	395,814,151
	As at 30.09.18 £ (Unaudited)	As at 31.03.18 £ (Audited)
<b>Treasury Shares</b>		
Treasury share capital at the beginning of the period/year	43,083,300	43,083,300
Total Treasury Share capital in issue at the end of the period/year	43,083,300	43,083,300
	As at 30.09.18 Shares (Unaudited)	As at 31.03.18 Shares (Audited)
<b>Treasury Shares</b>		
Treasury shares at the beginning of the period/year	39,000,000	39,000,000
Total Shares in issue at the end of the period/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 30 September 2018, one share class has been issued, being the Ordinary Redeemable Shares of the Company.

# TwentyFour Income Fund Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2018 to 30 September 2018

### 11. Share Capital (continued)

#### Issued Share Capital (continued)

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.

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 3 and 5.

# TwentyFour Income Fund Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2018 to 30 September 2018

### 12. Analysis of Financial Assets and Liabilities by Measurement Basis

	Assets at fair value through profit and loss £	Loans and receivables £	Total £
30 September 2018 (Unaudited)			

#### Financial Assets as per Statement of Financial Position

Financial assets at fair value through profit or loss:

- Investments	439,772,585	-	439,772,585
- Derivative assets: Forward currency contracts	3,858,606	-	3,858,606
Other receivables (excluding prepayments)	-	2,479,741	2,479,741
Cash and cash equivalents	-	19,302,873	19,302,873
	<u>443,631,191</u>	<u>21,782,614</u>	<u>465,413,805</u>

	Liabilities at fair value through profit and loss £	Other financial liabilities £	Total £
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#### Financial Liabilities as per Statement of Financial Position

Financial liabilities at fair value through profit or loss:

- Derivative liabilities: Forward currency contracts	18,621	-	18,621
Amounts due to brokers	-	7,644,478	7,644,478
Other payables	-	773,908	773,908
	<u>18,621</u>	<u>8,418,386</u>	<u>8,437,007</u>

	Assets at fair value through profit and loss £	Loans and receivables £	Total £
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31 March 2018 (Audited)

#### 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
	<u>461,467,417</u>	<u>17,056,610</u>	<u>478,524,027</u>

# TwentyFour Income Fund Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2018 to 30 September 2018

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

	Liabilities at fair value through profit and loss £	Other financial liabilities £	Total £
<b>Financial Liabilities as per Statement of Financial Position</b>			
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
	<u>202,337</u>	<u>8,328,171</u>	<u>8,530,508</u>

### 13. 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.

The annual Directors' fees comprise £35,000 payable to Mr Ash, the Chairman, £32,500 to Mr Burns as Chairman of the Audit Committee and £30,000 to Mr Burwood and Ms Etherden. During the period ended 30 September 2018, Directors fees of £63,750 (30 September 2017: £63,750) were charged to the Company, of which £31,875 (31 March 2018: £31,875) remained payable at the end of the period.

#### b) Shares held by related parties

As at 30 September 2018, Directors of the Company held the following shares beneficially:

	Number of Shares 30.09.18	Number of Shares 31.03.18
Trevor Ash	50,000	50,000
Ian Burns	29,242	29,242
Richard Burwood	5,000	5,000
Jeannette Etherden	25,000	25,000

As at 30 September 2018, the Portfolio Manager held Nil Shares (31 March 2018: Nil Shares) and partners and employees of the Portfolio Manager held 1,468,286 Shares (31 March 2018: 1,689,670 Shares), which is 0.37% (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 period amounted to £1,727,461 (30 September 2017: £1,696,608) of which £553,019 (31 March 2018: £546,666) is due and payable at the period 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.

# TwentyFour Income Fund Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2018 to 30 September 2018

### 13. Related Parties (continued)

#### c) Portfolio Manager (continued)

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 period, the Portfolio Manager received £Nil (30 September 2017: £Nil) in commission.

### 14. 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 period ended 30 September 2018, AIFM fees of £84,090 (30 September 2017: £82,823) were charged to the Company, of which £35,970 (31 March 2018: £35,991) remained payable at the end of the year.

#### 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 period amounted to £119,706 (30 September 2017: £117,910) of which £62,657 (31 March 2018: £60,044) is due and payable at end of the period.

#### 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 period amounted to £32,551 (30 September 2017: £32,017) of which £4,962 (31 March 2018: £5,257) is due and payable at the period 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 period amounted to £23,033 (30 September 2017: £22,621) of which £2,672 (31 March 2018: £2,957) is due and payable at the period end.

### 15. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk, foreign currency risk and reinvestment risk), credit risk, liquidity risk, and capital risk.

These Unaudited Condensed Interim Financial Statements do not include the financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements for the year ended 31 March 2018.

# TwentyFour Income Fund Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2018 to 30 September 2018

### 16. 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).

The following tables analyse within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value for the period and year ended 30 September 2018 and 31 March 2018.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Assets</b>				
Financial assets at fair value through profit or loss:				
Asset Backed Securities:				
<i>Auto Loans</i>	-	7,585,503	-	7,585,503
<i>Buy-to-Let RMBS</i>	-	27,500,732	5,204,706	32,705,438
<i>CMBS</i>	-	12,492,916	-	12,492,916
<i>Consumer ABS</i>	-	36,261,249	13,584,115	49,845,364
<i>Leveraged Loan CLO</i>	-	125,854,807	15,863,766	141,718,573
<i>Non-Conforming RMBS</i>	-	98,421,261	46,505,429	144,926,690
<i>Prime RMBS</i>	-	23,091,046	24,180,632	47,271,678
<i>Student Loans</i>	-	3,226,423	-	3,226,423
<i>Forward currency contracts</i>	-	3,858,606	-	3,858,606
<b>Total assets as at 30 September 2018</b>	-	338,292,543	105,338,648	443,631,191
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
<i>Forward currency contracts</i>	-	18,621	-	18,621
<b>Total liabilities as at 30 September 2018</b>	-	18,621	-	18,621

# TwentyFour Income Fund Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2018 to 30 September 2018

### 16. Fair Value Measurement (continued)

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets	(Audited)	(Audited)	(Audited)	(Audited)
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
CMBS	-	4,376,846	-	4,376,846
Consumer ABS	-	44,719,647	4,624,151	49,343,798
Leveraged Loan CLO	-	137,037,519	26,925,077	163,962,596
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
<b>Total assets as at 31 March 2018</b>	<b>-</b>	<b>332,287,456</b>	<b>129,179,961</b>	<b>461,467,417</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
Forward currency contracts	-	202,337	-	202,337
<b>Total liabilities as at 31 March 2018</b>	<b>-</b>	<b>202,337</b>	<b>-</b>	<b>202,337</b>

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 period, 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.

# TwentyFour Income Fund Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2018 to 30 September 2018

### 16. Fair Value Measurement (continued)

There were no transfers between level 1 and 2 during the period, 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.

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 period and year ended 30 September 2018 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 30 September 2018	Net unrealised (loss)/gain for the period included in the Statement of Comprehensive Income for level 3 Investments held at 30 September 2018	Transfer into Level 3	Transfer out Level 3	Closing balance
	£	£	£	£	£	£	£
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Buy-to-Let RMBS	11,415,545	(8,054,458)	35,359	(26,034)	2,532,194	(697,900)	5,204,706
Consumer ABS	4,624,151	(3,745,990)	2,242	32,019	12,671,693	-	13,584,115
Leveraged Loan CLO	26,925,077	(13,312,554)	1,124,099	(1,375,398)	11,825,128	(9,322,586)	15,863,766
Non-Conforming RMBS	56,869,802	842,245	335,460	(402,597)	10,618,533	(21,758,014)	46,505,429
Prime RMBS	27,739,640	7,542,327	921,480	(1,067,562)	-	(10,955,253)	24,180,632
Student Loans	1,605,746	-	-	-	-	(1,605,746)	-
Total at 30 September 2018	129,179,961	(16,728,430)	2,418,640	(2,839,572)	37,647,548	(44,339,499)	105,338,648

	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
	£	£	£	£	£	£	£
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Buy-to-Let RMBS	3,521,770	7,721,719	89,305	82,751	-	-	11,415,545
Consumer ABS	19,375,719	(7,371,112)	955,419	(179,095)	-	(8,156,780)	4,624,151
Leveraged Loan CLO	11,236,233	11,744,605	1,105,869	340,083	9,539,914	(7,041,627)	26,925,077
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

# TwentyFour Income Fund Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2018 to 30 September 2018

### 16. 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 30 September 2018 and 31 March 2018 but for which fair value is disclosed.

	Level 1 (Unaudited) £	Level 2 (Unaudited) £	Level 3 (Unaudited) £	Total (Unaudited) £
<b>Assets</b>				
Cash and cash equivalents	19,302,873	-	-	19,302,873
Other receivables	-	2,528,559	-	2,528,559
<b>Total assets as at 30 September 2018</b>	<b>19,302,873</b>	<b>2,528,559</b>	<b>-</b>	<b>21,831,432</b>
<b>Liabilities</b>				
Amounts due to brokers	-	7,644,478	-	7,644,478
Other payables	-	773,908	-	773,908
<b>Total liabilities as at 30 September 2018</b>	<b>-</b>	<b>8,418,386</b>	<b>-</b>	<b>8,418,386</b>
	Level 1 (Audited) £	Level 2 (Audited) £	Level 3 (Audited) £	Total (Audited) £
<b>Assets</b>				
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
<b>Total assets as at 31 March 2018</b>	<b>11,624,245</b>	<b>5,451,977</b>	<b>-</b>	<b>17,076,222</b>
<b>Liabilities</b>				
Amounts due to brokers	-	7,560,754	-	7,560,754
Other payables	-	767,417	-	767,417
<b>Total liabilities as at 31 March 2018</b>	<b>-</b>	<b>8,328,171</b>	<b>-</b>	<b>8,328,171</b>

The assets and liabilities included in the above 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.

# TwentyFour Income Fund Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2018 to 30 September 2018

### 17. 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.

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 Condensed Statement of Comprehensive Income as investment income being interest income received from Asset Backed Securities.

### 18. Dividend Policy

The Board intends to distribute an amount at least equal to the value of the Company's net income 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 income period 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.

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

The Company declared the following dividends in respect of distributable profit for the period ended 30 September 2018:

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

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.

## TwentyFour Income Fund Limited

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### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2018 to 30 September 2018

**19. Ultimate Controlling Party**

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

**20. Subsequent Events**

These Financial Statements were approved for issuance by the Board on 15 November 2018. Subsequent events have been evaluated until this date.

On 31 October 2018, the Company paid a dividend as detailed in note 18.