TwentyFour
ASSET MANAGEMENT

TwentyFour Select Monthly Income Fund Limited

Annual Report and Audited Financial Statements

For the year ended 30 September 2021

TwentyFour Select Monthly Income Fund Limited

CONTENTS

CORPORATE INFORMATION

Directors
Claire Whittet (Chair)
Christopher Legge
Ian Martin
Ashley Paxton (appointed 1 November 2021)

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Les Banques
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Guernsey, GY1 3QL

Portfolio Manager
TwentyFour Asset Management LLP
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Alternative Investment Fund Manager
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Custodian, Principal Banker and Depositary
Northern Trust (Guernsey) Limited
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Les Banques
St Peter Port
Guernsey, GY1 3DA

Administrator and Company Secretary
Northern Trust International Fund Administration Services (Guernsey) Limited
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Les Banques
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Guernsey, GY1 3QL

Receiving Agent
Computershare Investor Services PLC
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Registrar
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Broker and Financial Adviser
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London, EC4M 7LT

SUMMARY INFORMATION

The Company
TwentyFour Select Monthly Income Fund Limited (the "Company") was incorporated with limited liability in Guernsey, as a closed-ended investment company on 12 February 2014. 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 ("LSE") on 10 March 2014.

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 credit securities.

The portfolio can be comprised of any category of credit security, including, without prejudice to the generality of the foregoing, bank capital, corporate bonds, high yield bonds, leveraged loans, payment-in kind notes and asset backed securities. The portfolio will include securities of a less liquid nature. The portfolio will be dynamically managed by TwentyFour Asset Management LLP (the "Portfolio Manager" or "PM") and, in particular, will not be subject to any geographical restrictions.

The Company maintains a portfolio diversified by issuer; the portfolio comprises at least 50 Credit Securities. No more than 5% of the portfolio value will be invested in any single Credit Security or issuer of Credit Securities, tested at the time of making or adding to an investment in the relevant Credit Security. Uninvested cash, surplus capital or assets may be invested on a temporary basis in:

- Cash or cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a "single A" or higher credit rating as determined by any internationally recognised rating agency which, may or may not be registered in the EU; and

- Any "government and public securities" as defined for the purposes of the Financial Conduct Authority (the "FCA") Rules.

- The company may hold up to 10% in cash but works on the basis of an operational limit of 5%.

Efficient portfolio management techniques are employed by the Company, including currency and interest rate hedging and the use of derivatives to manage key risks such as interest rate sensitivity and to mitigate market volatility. The Company's currency hedging policy will only be used for efficient portfolio management and not to attempt to enhance investment returns.

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 arranging a loan facility or other types of collateralised borrowing instruments including repurchase transactions and stock lending. The Articles restrict the borrowings of the Company to 10% of the Company's Net Asset Value ("NAV") at the time of drawdown. No arrangements for borrowing are currently in place.

At launch the Company had a target net total return on the original issue price of between 8% and 10% per annum. This comprised a target dividend payment of 6p per share per annum and a target capital return of 2p-4p, both based on the original issue amount of 100p. There is no guarantee that this can or will be achieved, particularly given the current low interest rate environment. Net asset value total return for the year ended 30 September 2021, however, was 14.94% and the 6p per share dividend per annum has consistently been met. The Portfolio Manager is confident, based on the current outlook, that this dividend target will be maintained in the current financial year. Refer to note 19 to the Financial Statements for details of the Company's dividend policy.

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.

SUMMARY INFORMATION continued

Shareholder Information
Maitland Institutional Services Limited ("Maitland") is responsible for calculating the NAV per share of the Company. Maitland delegated this responsibility to Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator"). However, Maitland still performs an oversight function. The unaudited NAV per Ordinary Share will be calculated as at the close of business on every Wednesday that is also a business day and the last business day of every month and will be announced by a Regulatory Information Service the following business day.

Financial Highlights

	Year ended 30.09.21	Year ended 30.09.20
Total Net Assets	£178,003,225	£192,860,455
Net Asset Value per Share	93.32p	86.79p
Share price	96.20p	83.40p
Net Asset Value total return	14.94%	2.76%
Premium/(discount) to NAV	3.09%	-3.91%
Dividends declared during the year	6.52p	6.14p
Dividends paid during the year	6.14p	6.34p

As at 1 December 2021, the premium had moved to 3.63%. The estimated NAV per share and share price stood at 91.19p and 94.50p, respectively.

Results are discussed further in the Directors' Report on pages 25 and 26.

Ongoing Charges
Ongoing charges for the year ended 30 September 2021 have been calculated in accordance with the Association of Investment Companies (the "AIC") recommended methodology. The ongoing charges for the year ended 30 September 2021 were 1.14% (30 September 2020: 1.12%) on an annualised basis.

CHAIRPERSON'S STATEMENT
For the year ended 30 September 2021

Economic background
The economic recovery from the global pandemic continued at a surprisingly remarkable pace at the start of the period, helped by the US election result being in line with predictions, with a Biden win, and the Senate also being controlled by the Democrats. The markets responded well to the expectations of both a less volatile White House administration, and further large pandemic support packages, including the expectation of a large infrastructure package. However, with the promise of further fiscal injections, came the fear of increased inflation, and this quickly became the theme for the period, with global central banks increasingly struggling to maintain investor confidence in their "transitory" rhetoric.

The difficulties in controlling the COVID-19 outbreak also continued to add uncertainty as investors struggled with the markets' direction, as a number of factors added further complexity - the uneven vaccine roll out in developed economies vs emerging markets, the different approaches to controlling the virus – with a "pandemic" in the UK slowing the reopening and scepticism by authorities, particularly in Europe, over the effectiveness of some vaccines having a deferential impact on the take up of the vaccine by the general population. In addition, the rapid increase in the Delta variant also caused nervousness and slowed the reopening of economies.

Nevertheless, with the working population slowly, but surely, returning to work, schools and universities reopening and vacation traveling emerging as "Red list" countries were reduced, economies began to return to normal, and with this came the realisation that supply chains could not be restarted as quickly as expected and delays at ports and widespread worker shortages in the infrastructure system gave weight to the arguments that heightened inflation would not be as short lived as suggested by Central Banks, and in particular, by the Federal Reserve, who stuck to the transitory message. As the period progressed, the sustained inflation argument found further support, with Consumer Price Index ("CPI") data continuing to remain very elevated, and signs of wage inflation also taking hold.

The reopening complexities made for difficult markets, which can be seen clearly from the movement in government bonds. In the US, the 10yr treasury yield ramped higher from 90bps at the start of 2021, to 1.74% by the end of Q1, before rallying back to 1.17% at the start of August, and finally ending the period close to 1.5%. In the UK, government bonds fared even worse, as a severe shortage of workers, particularly HGV drivers, resulted in markets pricing in a rate rise before the end of 2021 and the 10yr Gilt ended the period at a yield of 1%, having started the period at just 20bps. In the Eurozone, 10yr Bund were also volatile, starting at -0.50%, and ending at -0.2% but with 40bps swings during the period. The inflation impact was also clear to see, with the 5yr breakeven inflation rate in the US moving from 1.5% at the start of the period to 2.5% by the end of the period, while in the UK, the 5yr breakeven went from 2.75% to over 4%.

Credit markets performed relatively well, given the volatility in rates, and despite the aggressive move higher in government bond yields in Q1 in particular, high yield credit continued to provide positive performance, as investors added exposure to procyclical sectors and the ample spread available more than compensated for the negative rates move.

CHAIRPERSON'S STATEMENT continued

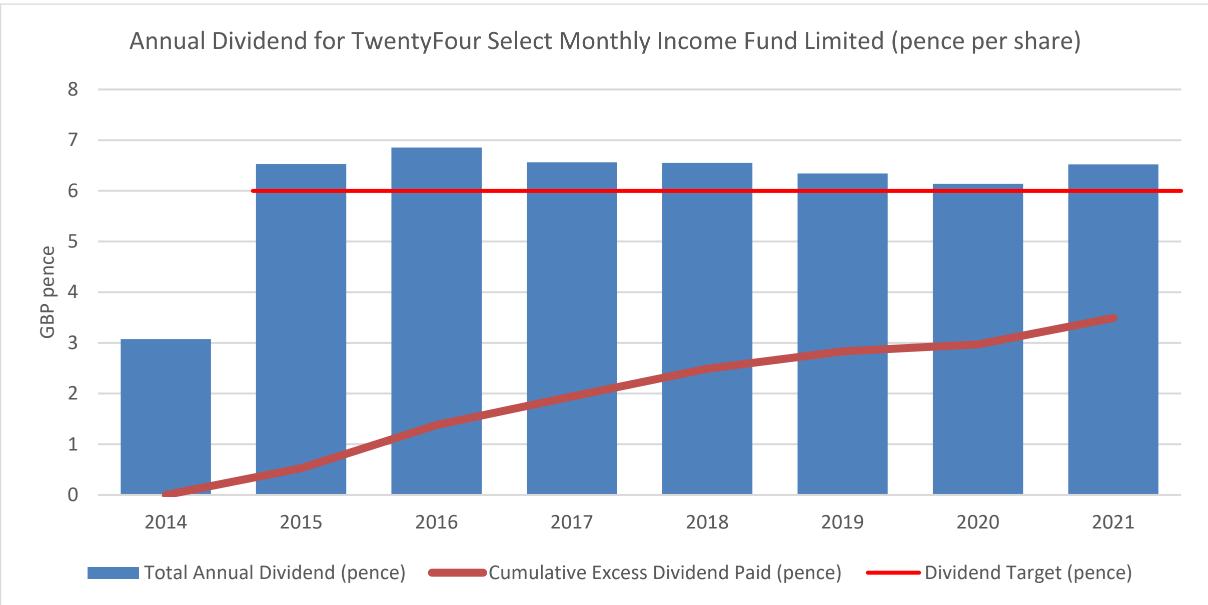
For the year ended 30 September 2021

Economic background (continued)

Credit was also supported by the continuing technical support being provided by Central Banks, which was supplemented by the strengthening economic fundamentals as the period progressed. The default rate, which at the start of the pandemic shutdown, was expected to reach double digits in higher yielding credit, fell rapidly, and by mid-summer, most strategists expected the yearly default rate for both US and Euro credit to fall to, or even below, 1%. Credit rating migrations also changed rapidly, from multiple downgrades per upgrade at the start of the period, to multiple upgrades per downgrade by the end. The strong fundamental and technical drives created an ideal environment for stock pickers and supported sentiment for most of the period, despite the tightening in spreads. With government bond base rates expected to remain low, the hunt for credit and good conditions meant that periods of softness were short lived and was usually by buyers who were looking to put money to work on a dip. These conditions were only really tested towards the end of the period, when rates came under pressure again, but even then, the sell off in credit was very orderly.

Dividend

On formation, the Company's dividend objective was to generate a return of 8-10% with a 0.5 pence dividend payment each month and the balance of net income for the financial year being paid as the final monthly dividend of the financial year. Given markets since 2014, the Company has failed to achieve the original targeted returns. However, each year to date, the Company has maintained the 0.5 monthly dividend payment and paid out the surplus net income so as to achieve a return in excess of 6p per annum per share. For the year ended 30 September 2021, the final dividend paid for September was 1.02p giving a total annual dividends declared for the financial year of 6.52p. The total return for the shares benefits from a movement from a discount to a premium as well as NAV appreciation and a healthy dividend.



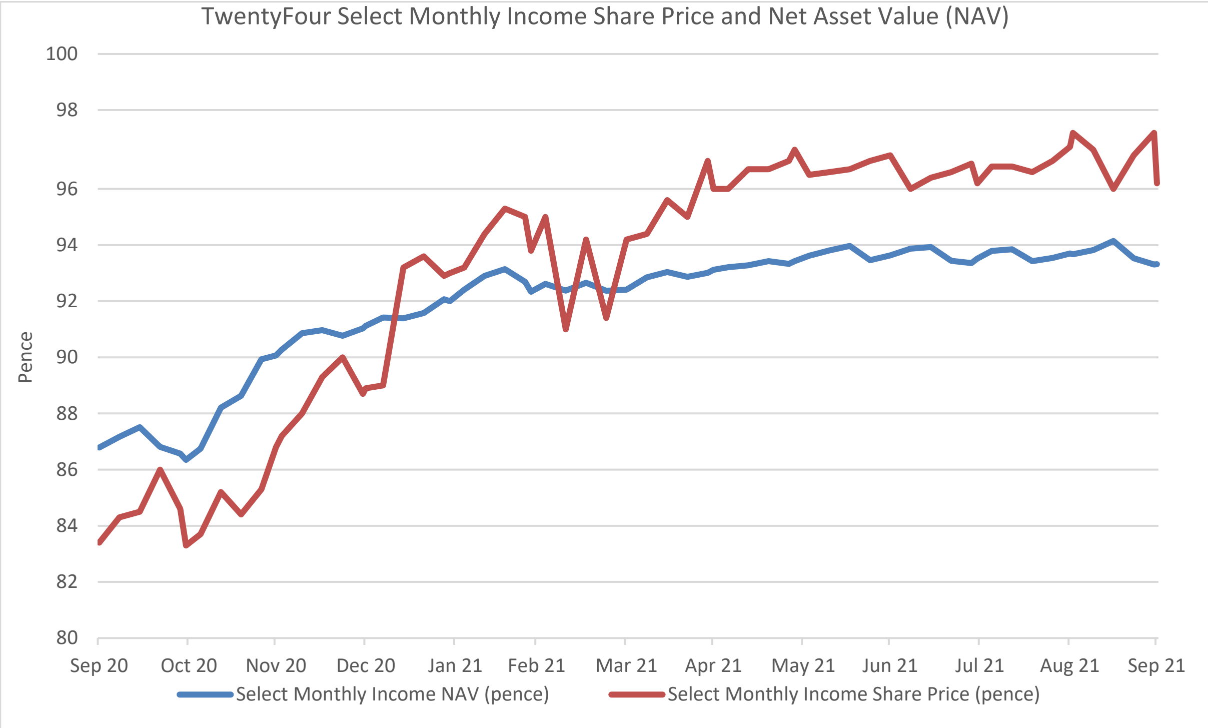
The Company is required to distribute all of its net income per financial year, however there is no guarantee that it will be able to continue distributing 0.5p per month in the periods ahead. The Board and the Portfolio Managers (the "PMs") are very focussed on the sustainability of the dividend at this level and regularly monitor and review the position.

CHAIRPERSON'S STATEMENT continued

For the year ended 30 September 2021

NAV and Share Trading

Given the economic backdrop and the expertise of the PMs, the Company has performed well. The share price started the financial year at 83.40p and finished at 96.20p with the Net Asset per share rising from 86.79p to 93.32p over the same period.



Over the year, the Company's shares traded at a premium to NAV for 70% of trading days. Daily turnover averaged approximately 350,000 shares (excluding the tenders) and the shares have recently been consistently trading at a premium of around 4% NAV.

As detailed in the Half Year Results, the large tender application in December 2020 was completed during the first week of January 2021 with 5,000,000 shares bought by the broker, 5,000,000 shares placed with a variety of institutions and the balance of 36,100,745 shares repurchased by the Company and cancelled. This represented 20.77% of the Company's shares at that time and the vast majority of the shares were tendered by one shareholder who had significantly increased their holding months earlier but had a requirement for liquidity. Whilst it was disappointing not to have placed more shares, the tender process operated well, validating the liquidity features of our Company and the PMs access to market liquidity. It also enabled the PMs to review the portfolio and take advantage of investment opportunities at that time by improving the purchase yield and further diversifying the portfolio.

The repurchase of shares at a discount of 2% to NAV and subsequent cancellation of these was accretive to NAV and the tender process did "what it says on the tin".

Subsequent tender applications have been for small amounts and these have been placed or purchased by the Company's corporate broker, Numis. Pleasingly, later in the period, persistent investor demand has led to shares recovering their premium to NAV and demand was such that the Company issued 4,900,000 new shares at a 4% premium to NAV within the financial year. This enabled the PMs to invest in some attractive opportunities. Importantly, tap issues are only supported by the PMs and the Board if attractive and accretive opportunities exist.

This demand and market opportunities have continued and, subsequent to the year end, 2,000,000 shares have been issued at a 4% premium. On 29 October 2021 a written resolution was passed to issue a Block Listing facility for 28,447,703 ordinary shares.

CHAIRPERSON'S STATEMENT continued

For the year ended 30 September 2021

Other

The Company was formed in February 2014 and entered the Premium Listing of the LSE in March 2014. Two of the Directors (the Chair and Audit Chair) joined at inception with the Management Engagement Committee ("MEC") Chair joining in July 2014. With a view to good succession planning, the Board employed an independent recruitment firm, OSA Recruitment, to assist with the recruitment of a new director to replace the Audit Chair, Chris Legge, who will rotate off the Board in early 2022. The Board was delighted to appoint Ashley Paxton as Audit Chair elect with effect from 1 November 2021. Ashley is a former audit partner and Channel Islands Head of Advisory for KPMG, CI and already holds two Non-Executive Directorships for LSE listed funds.

I mentioned in the Half Year Results that the growth of platform directed investors means that these are now an important part of the register. The Board continues to discuss options to better and economically engage with the full range of our shareholders.

During the pandemic, the PMs and other service providers adopted working from home policies. I am pleased to confirm that there was no disruption in services to the Company and although there has been some return to the office, the PM and other service providers have adopted flexible working arrangements. The very recent emergence of the Omicron variant of COVID - 19 is causing concerns and additional travel disruption. The longer term effects are unknown at this time.

TwentyFour continues to provide excellent material on its website including written commentary and podcasts and via its webinar presentations.

On behalf of the Board, I would like to thank the shareholders for their continued support and look forward to the financial year ahead.

Claire Whittet
Chair
8 December 2021

PORTFOLIO MANAGER'S REPORT

For the year ended 30 September 2021

Market Commentary

The US elections and concerns about a second 'lockdown' across Europe dominated the start of the period, which was weak for risk assets. Joe Biden eventually won a contentious US election, with Donald Trump claiming fraudulent postal counting, and pledged to increase the fiscal stimulus package.

This ultimately boosted sentiment in US risk assets; however, concerns over heavy US Treasury ("UST") issuance and the stoking of future inflation saw UST yields begin their move higher.

Sentiment improved as COVID-19 vaccines began rolling out, despite headline fears of new variants appearing. At the same time, the European Central Bank ("ECB") also announced further stimulus in its last meeting of the year, most significantly expanding the pandemic emergency purchase programme ("PEPP") to €1.85tr, and the UK and EU finally signed a bilateral trade agreement, ending the Brexit process.

As we finally said goodbye to 2020, the S&P 500 reached an all-time high, up 16.26% on the year. The iTraxx Xover index finished the year at 242bp, a similar level to February 2020 and considerably tighter than the 700bp level it hit in March 2020.

It was a politically eventful start to 2021; the Democrats finally gained control of the US Senate, Italian Prime Minister Guiseppe Conte resigned, leaving Italy looking for a new leader again, and the emergence of new COVID-19 variants forced new lockdown restrictions across many countries. Investors took comfort from vaccine rollouts, but EU bureaucracy appeared to hamper the procurement process, and tensions increased between countries accused of hoarding.

The real news in Q1 was the movement in government bond yields, as the 10year UST sold off from 90bps to over 1.7%, dragging other rates markets higher and causing periods where correlations broke down, creating uncomfortable markets for investors. Fears of rising inflation stoked the sell-off and strong growth expectations in the US, helped by congress passing a $1.9bn stimulus bill in March 2021. Although the government bond move caused negative performance for long-dated, investment-grade rated bonds, the higher-yielding markets, which were less correlated to the rates move, continued to offer positive performance.

The tables turned in Q2, with Treasuries rallying strongly after the Fed reiterated that its primary focus was on creating jobs and that inflation would be transitory only. With rate rises pushed into the future, and with the "short Treasury" trade becoming crowded, the rally caught many investors off guard, forcing them to cover their positions, adding to the technical rally, which eventually saw the 10year back at 1.17% by early August.

As investors dealt with volatile government bond markets, they also had to contend with an uneven vaccine rollout, which stalled in Europe due to concerns over the Astra Zeneca vaccine, causing further lockdowns and slowing the rally in Euro credit markets. In addition, the rapid increase in the delta variant in some emerging market countries, particularly India, where the medical system struggled with rapidly increasing cases, caused sentiment to weaken.

With the Fed focused on job growth, the Non-Farm Payroll ("NFP") announcements became even more important for investors and even more challenging to predict, given the uneven reopening of the economy. In February 2021, the US economy created 800K jobs (reported in March 2021), causing expectation for April 2021 to climb to 1m. However, the actual number came in below 300K, surprising markets and supporting USTs.

NFPs then surprised on the upside in June and July 2021, with approximately 1m created in each period, ahead of expectations, only to drop to 235K in the August 2021 report, about 0.5m below expectations.

PORTFOLIO MANAGER'S REPORT continued

For the year ended 30 September 2021

Market Commentary (continued)

These announcements added to volatility in rates, but yields generally moved higher, with inflation remaining high.

Volatility picked up as we moved through the summer, with higher valuations in both equity and credit markets beginning to lose support. In addition, supply chains remained constrained, weighing on sentiment and adding fuel to the inflation story, as the "transitory" argument lost support in the broader market.

Autumn kicked off with global energy prices spiking higher; crude oil was higher by almost 70% for the year to end September 2021, while natural gas was over 120% higher globally.

Meanwhile, European and UK prices were even higher. The UK, in particular, began to feel very vulnerable, as truck driver shortages caused the reduction of several services, large retailers raising concerns about empty shelves and worries about petrol supply causing panic buying and empty petrol stations. Ultimately, the issues forced the UK government to respond by deploying the army to ease the crisis.

The period ended with strategists voicing fears of stagflation and with major indices approximately 5% off their highs for the year. Meanwhile, government bond yields increased, with 10 year USTs at 1.5% and 10yr Gilts at 1.1%. Credit markets also weakened on the contagion from rates, and investors became increasingly cautious, causing yields to move higher, despite the cash on the sidelines.

Portfolio Commentary

Risk markets were generally supportive during the period, with risk-off periods emerging more frequently as the period drew to a close, with valuations more elevated.

After a share tender in January, partially funded by asset sales, the portfolio yield was increased, which also helped performance. Most of the activity centered on raising funds for the tender process in early January, when just over 46 million shares were tendered, 10 million of which were placed with investors or purchased by the Company's Corporate brokers, leaving the balance to be raised from asset sales. In discussion with the Board, the PMs used the sale process as an opportunity to refocus the Fund by selling low yielding assets. The securities sales process was transacted methodically and with very strong execution resulting in an average premium of NAV+0.38% on the sales made. Furthermore the sales facilitated a bottom up relative value exercise with the optimisation of the portfolio resulting in the mark-to-market yield increasing from 6.67% to 7.10%, while the gross purchase yield was improved from 7.13% to 7.35%. The PMs managed to make these improvements to the portfolio yields, whilst still maintaining the weighted average rating at BB- immediately after the tender. At year end, whilst the exposure to BBB and BB rated securities did decrease compared to prior year, the BB- weighted average rating was still maintained.

Credit performed well during the period. The sterling index returned 11%, the euro index returned almost 10%, and the dollar index returned 11%, while the CoCo bond index returned 11.4% - all in sterling terms. Emerging markets struggled due to dollar strength and idiosyncratic issues and returned 6.4%, while investment-grade indices returned between 0-2%. Rates struggled with the sterling, euro and dollar government bond indices down 7%, 1% and 3.8%, respectively, in sterling terms.

The Fund performed well, returning 14.94%, with all sectors posting positive returns, led by subordinated banks and robust performance from CLOs, Insurance and the European high yield sectors.

PORTFOLIO MANAGER'S REPORT continued

For the year ended 30 September 2021

Market Outlook and Strategy

Looking ahead, the PMs expect a period of volatility driven by instability in the rates markets as inflation and supply chain issues continue to weigh on investor sentiment. The Bank of England seems most likely to kick off the rate hiking cycle, while the Fed will probably start their quantitative easing tapering journey later in the year.

The PMs will keep a close eye on employment, inflation, and wage inflation data, which will likely drive rates markets and expect rising volatility to create value and better investment opportunities later in the year.

TwentyFour Asset Management LLP
8 December 2021

TOP TWENTY HOLDINGS
As at 30 September 2021

	Nominal/ Shares	Credit Security # Sector	Fair Value * £	Percentage of Net Asset Value
Nationwide Building Society 10.25 29/06/2049	40,960	Financial - Banks	7,951,253	4.47
Rothesay Life 6.875 31/12/2049	4,542,000	Financial - Insurance	5,277,583	2.96
Coventry Building Society 6.875 31/12/2049	4,560,000	Financial - Banks	5,051,573	2.84
Santander UK	2,000,000	Financial - Banks	3,499,085	1.97
Armada Euro Clo 15/07/2033	4,000,000	ABS	3,422,399	1.92
Arbour Clo II FRN 15/04/2034	4,000,000	ABS	3,355,429	1.89
Bracken Midco1 8.875 15/10/2023	3,113,550	High Yield - European	3,191,225	1.79
Aareal Bank AG 29/11/2049	3,600,000	Financial - Banks	3,180,585	1.79
UnipolSai Assicurazioni, 6.375% perp	3,100,000	Financial - Insurance	3,130,318	1.76
Oaknorth Bank 7.75 01/06/2028	3,000,000	Financial - Banks	3,075,000	1.73
VSK Holdings Limited VAR 31/7/2061	297,000	ABS	3,063,449	1.72
Phoenix Group 5.75 31/12/2049	2,780,000	Financial - Insurance	3,021,977	1.70
Investec 6.75 FRN 31/12/2049	2,700,000	Financial - Banks	2,850,429	1.60
Banco de Sabadell 6.5 31/12/2049	3,200,000	Financial - Banks	2,826,042	1.59
Optimum Three Ltd 0% 25/3/2021	2,800,000	ABS	2,800,000	1.57
OneSavings Bank, 6% perp	2,800,000	Financial - Banks	2,800,000	1.57
Volksbank Wien-baden A.G 7.75 31/12/2049	2,600,000	Financial - Banks	2,500,578	1.40
St Pauls Clo 25/04/2030	2,835,000	ABS	2,375,854	1.33
Pension Insurance Corporation, 7.375% perp	1,900,000	Financial - Insurance	2,328,792	1.31
OneSavings Bank, 9.125% perp	2,200,000	Financial - Banks	2,319,142	1.30
Total			68,020,713	38.21

* 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.
# Asset backed securities (“ABS”), Financial – Banks and Financial – Insurance are all Corporate Bonds.

The full portfolio listing of bonds and asset backed securities (“ABS”) as at 30 September 2021 can be obtained from the Administrator on request.

BOARD MEMBERS

Biographical details of the Directors are as follows:

Claire Whittet – (Chair) (age 66)
Ms Whittet is a resident of Guernsey and has over 40 years' experience in the banking industry. She joined Rothschild Bank International Ltd as a Director in 2003 and was latterly Managing Director and Co-Head before becoming a Non-Executive Director on her retirement in 2016. She began her career at the Bank of Scotland where she was for 19 years in a variety of personal and corporate finance roles and subsequently, joined Bank of Bermuda as Global Head of Private Client Credit before joining Rothschild.

Ms Whittet is a Non-Executive Director of a number of listed investment funds and PE entities which invest in a wide range of assets.

Ms Whittet holds an MA from Edinburgh University, is a member of the Chartered Institute of Bankers in Scotland, a member of the Chartered Insurance Institute, a Chartered Banker, a member of the Institute of Directors and holds the Institute of Directors Diploma in Company Direction. Ms Whittet was appointed to the Board on 12 February 2014.

Christopher F. L. Legge – (Non-executive Director) (age 66)
Mr Legge is a Guernsey resident and worked for Ernst & Young in Guernsey from 1983 to 2003. Having joined the firm as an audit manager in 1983, he was appointed a partner in 1986 and managing partner in 1998. From 1990 to 1998, he was head of Audit and Accountancy and was responsible for the audits of a number of banking, insurance, investment fund, property fund and other financial services clients. He also had responsibility for the firm's training, quality control and compliance functions. He was appointed managing partner for the Channel Islands region in 2000 and merged the business with Ernst & Young LLP in the United Kingdom. He retired from Ernst & Young in 2003.

Mr Legge currently holds a number of Non-Executive Directorships in the financial services sector and also chairs the Audit Committees of several UK listed companies. He is a Chartered Accountant and holds a BA (Hons) in Economics from the University of Manchester. Mr Legge was appointed to the Board on 12 February 2014.

Ian Martin - (Non-executive Director) (age 57)
Mr Martin has over 37 years' experience in finance gathered in a variety of multi asset investment focused roles in the UK, Asia, Switzerland and South America. More recently he was the Chief Investment Officer (CIO) and Head of Asset Management and Research at Lloyds Bank in Geneva and then Head of Bespoke Portfolio Management and Advisory for key clients in UBP Bank in Geneva. Previous roles have included senior roles in equity derivatives and multi asset trading as well as CIO and Managing Director of a Fund of Hedge funds company.

Mr Martin has an MSc, is a Fellow of the Institute of Directors (IOD) holding the Chartered Director qualification as well as being a Chartered Member of the Chartered Institute of Securities and Investment (CISI). Mr Martin was appointed to the Board on 15 July 2014.

Ashley Paxton - (Non-executive Director) (age 53)
Mr Paxton was appointed to the Board after the year end, on 1 November 2021. He is a Guernsey resident and has worked in the financial services sector for nearly 30 years, with deep sectoral experience supporting listed funds in both London and Guernsey throughout that time. He trained as a Chartered Accountant with MacIntyre & Co in London before moving to KPMG's financial services group upon qualification in 1996. He moved to Guernsey in 2002 having accepted an audit partner appointment with KPMG in the Channel Islands. In 2008, Mr Paxton transitioned from audit and developed a Channel Islands advisory practice for the firm, growing it into a full taxonomy of services across transactions, restructuring, management and risk consulting. He remained as C.I. Head of Advisory for the firm through to his retirement in 2019.

BOARD MEMBERS continued

Ashley Paxton - (Non-executive Director) (age 53) – continued
Mr Paxton holds a number of Non-Executive Directorships across the financial services sector, including the listed fund sector. He also plays an important role in the local third sector as chairman of the Youth Commission for Guernsey & Alderney.

Mr Paxton is a Fellow of the Institute of Chartered Accountants in England and Wales and holds an Economics degree from the University of Warwick.

DISCLOSURE OF DIRECTORSHIPS IN PUBLIC COMPANIES LISTED ON RECOGNISED EXCHANGES

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

Public Directorships

Company Name	Stock Exchange
Claire Whittet (Chair)	
BH Macro Limited	London
Eurocastle Investment Limited	Amsterdam
International Public Partnerships Limited	London
Riverstone Energy Limited	London
Third Point Investors Limited	London
Christopher Legge	
NB Distressed Debt Investment Fund Limited	London
Sherborne Investors (Guernsey) C Limited	London
Ian Martin	
None	
Ashley Paxton	
Downing Renewables & Infrastructure Trust plc	London
JZ Capital Partners Limited	London

STRATEGIC REPORT

For the year ended 30 September 2021

The Directors submit to the Shareholders their Strategic Report for the year ended 30 September 2021.

Business Model and Strategy

The Company is a closed-ended investment company, incorporated with limited liability in Guernsey. The Company has been granted exemption from income tax within Guernsey. It is the intention of the Directors to continue to operate the Company so that each year this tax-exempt status is maintained.

Investment Objectives and Policy

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

Income

The Board intends to distribute an amount at least equal to the value of the Company's excess income, as defined in note 19, arising each financial year to the holders of Ordinary Shares. However, there is no guarantee that the dividend target of 6.0 pence per Ordinary Share for each financial year will be met or that the Company will make any distributions at all.

The dividend per share for the year ended 30 September 2021 was 6.52p (30 September 2020: 6.14p).

Long Term Growth in Capital Value

The asset value of the Company's portfolio is heavily influenced by external macro-economic factors. The Directors regularly discuss the portfolio with the Portfolio Manager. Additional details are covered in the Chairperson's Statement and Portfolio Manager's Report.

Business Environment

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit and Risk 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 summarised below. During the recent COVID-19 shut down all operations continued without disruption.

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 the risk associated with changes in market prices, including spreads, economic uncertainty, changes in laws and political (national and international) circumstances. While the Company, through its investments in Credit Securities intends to hold a diversified portfolio of assets, factors such as levels of sovereign debt or political events may have a material impact which could be materially detrimental to the performance of the Company's investments.

STRATEGIC REPORT continued

For the year ended 30 September 2021

Business Environment continued

Market risk continued

Under extreme market conditions the portfolio may not benefit from diversification. For additional information refer to note 16 to the Financial Statements.

Liquidity risk

Investments made by the Company may be illiquid and this may limit the ability of the Company to realise its investments for the purposes of cash management, such as generating cash for dividend payments to Shareholders or buying back Ordinary Shares under the Quarterly Tenders or in the market. Substantially all of the assets of the Company are invested in Credit Securities. There may be no active market in the Company's interests in Credit Securities and the Company may be required to provide liquidity to fund Tender Requests or repay any borrowings. 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. For additional information refer to note 16 to the Financial Statements.

Credit risk

The Company may not achieve the Dividend Target and investors may not get back the full value of their investment because the Company invests in Credit Securities issued by other 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 good 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 of a Credit Security, the Company's right to recover 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 Investment Objective and Policy on page 3 for information regarding investment restrictions currently in place in order to manage credit risk. For additional information refer to note 16 to the Financial Statements.

Foreign currency risk

The Company is exposed to foreign currency risk through its investments denominated in currencies other than Sterling. 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. At the financial year end, of the foreign currency investments, approximately 46% are in Euros and 14% are in US Dollars. Amongst other factors affecting the foreign exchange markets, events in the Eurozone and U.S. may have an impact upon the value of the Euro and US Dollar which in turn will impact the value of the Company's Euro and US Dollar denominated investments. The Company manages its exposure to currency movements by using spot and forward foreign exchange contracts, which are rolled forward periodically. For additional information, refer to note 16 to the Financial Statements.

STRATEGIC REPORT continued

For the year ended 30 September 2021

Business Environment continued

Reinvestment risk

Quantitative easing resulted in lower yields across all fixed income products and tightening credit spreads. This could pose a challenge for the Portfolio Manager when it comes to reinvesting any monies that result from portfolio asset redemptions and income payments. The Portfolio Manager has recognised this potential challenge and performed ongoing cash flow analysis on the current portfolio; encouragingly the redemptions and expected income payments over the coming 12 months suggest that this risk is manageable and consistent with the Dividend Target. Trying to predict market conditions years ahead is notoriously difficult, however the Portfolio Manager recognises there may be a requirement to be more opportunistic in terms of timing for new investments i.e. aim to reinvest when the market is most volatile and also to remain vigilant to requests for issuance of new shares. For further information, refer to note 16 to the Financial Statements.

Coronavirus Risk (COVID-19)

Given recent events, COVID-19 changed from being an emerging risk to a principal risk, which has impacted global commercial activities. It also links to other market and credit risk factors which are discussed above. The Board has been monitoring the development of the COVID-19 outbreak and has considered the impact it has had to date on the Company, and will continue to have on the future of the Company and the performance of the portfolio. There remains continued uncertainty about the development and scale of COVID-19 outbreaks globally.

From an operational perspective, the Company uses a number of service providers. These providers have established, documented and regularly tested Business Resiliency Policies in place, to cover various possible scenarios whereby staff cannot turn up for work at the designated office and conduct business as usual.

Over the course of the pandemic, the Administrator has implemented business resilience protocols which have effectively transitioned many of our full time partners to a work from home status. Challenges around long-term work from home including the potential increase to the cyber security risk posed to the business as a result, have been addressed at the business level after consultation with the Administrator's Information Security and Technology Risk Management team. Where exceptions to existing controls were warranted, risk assessments were completed and temporary exceptions were granted and then re-evaluated on a regular cadence throughout the ensuing months. In addition, consideration for long term work-from home situations was a key factor in the annual review of information security policies and standards, which were updated to incorporate appropriate controls.

Since the COVID-19 pandemic outbreak, service providers have deployed these alternative working policies to ensure continued business service and the Company has not encountered any problems. The very recent emergence of the Omicron variant is yet to be fully assessed but it is not anticipated that it will cause disruption to services.

Emerging Risks and Uncertainties

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

Climate risk

The Financial Stability Board ("FSB") formed the Task Force on Climate-related Financial Disclosures ("TCFD") in December 2015 to address the impact climate change is having on companies and the global financial system through disclosure. On 2 July 2019 the UK Government announced, in its Green Finance Strategy, the expectation that listed companies and large asset owners should disclose in line with the TCFD recommendations by 2022.

ESG factors are assessed by the PM for every transaction as part of their investment process.
Climate risks are incorporated in the ESG analysis under environmental factors.

STRATEGIC REPORT continued

For the year ended 30 September 2021

Business Environment continued

Other Risks and Uncertainties

The Board has identified the following other risks and uncertainties along with 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 and the Custodian and Depositary amongst others. The Board and its Audit and Risk Committee regularly review reports from the Portfolio Manager, the AIFM, Administrator and Custodian and Depositary on their internal controls. The Administrator will report to the Portfolio Manager any valuation 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, 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 and Depositary and Corporate Broker provide regular updates to the Board on compliance with the Admission document and changes in regulation. Changes in legal or regulatory environment can have a major impact on some classes of debt. The Portfolio Manager and Board monitor this and take appropriate action where needed.

Income recognition risk

The Board considers income recognition as another risk and uncertainty of the Company. The Portfolio Manager estimates the remaining life of the security and its likely terminal value, which has an impact on the effective interest rate of the Credit Securities which in turn impacts the calculation of interest income.

The Board asked the Audit and Risk Committee to consider this risk with work undertaken by the Audit and Risk Committee as discussed on pages 38 to 41. As a result of this work, 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. Through the Management Engagement Committee, the Company asks its service providers to confirm that they have appropriate safeguards in place to mitigate the risk of cyber-attacks and remote working (including minimizing 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. Due to COVID-19, service providers adopted a Working from Home arrangement. None has reported any problems regarding cyber security when questioned by the MEC. The Board is satisfied that the Company's service providers have the relevant controls in place to mitigate this risk.

All of these risk and uncertainties are actively reviewed by the Board and monitored through the Company's risk matrix.

Future Prospects

The Board's main focus is to generate attractive risk adjusted returns principally through income distributions. The future of the Company is dependent upon the success of the investment strategy. The investment outlook and future developments are discussed in both the Chairperson's Statement and the Portfolio Manager's Report on pages 9 to 11.

STRATEGIC REPORT continued
For the year ended 30 September 2021

Board Diversity
When appointing new Directors and reviewing the Board composition, the Nomination Committee considers, amongst other factors, diversity, balance of skills, knowledge, gender, social and ethnic background and experience. The Nomination Committee, however, does not consider it appropriate to establish targets or quotas in this regard. As at 30 September 2021, the Board comprised of one female and two male Directors. Mr Paxton was appointed on 1 November 2021 after a rigorous recruitment process. The Company has no employees.

Environmental, Social and Governance
The Board recognises the importance of Environmental, Social and Governance ("ESG") factors in the investment management industry and the wider economy as whole. The Company is a closed-ended investment company with a limited purpose and without employees. As such, it is the view of the Board that the direct environmental and social impact of the Company is limited and that ESG considerations are most applicable in respect of the asset allocation decisions made for its portfolio. The Company has appointed the Portfolio Manager to advise it in relation to all aspects relevant to the Investment Portfolio. The Portfolio Manager has a formal ESG framework which incorporates ESG factors into its investment process. The Portfolio Manager has an ESG Committee representing all areas of its business, which is governed by its Executive Committee. The Board receives regular updates from the Portfolio Manager on its ESG processes and assesses their suitability for the Company. ESG factors are assessed by the PM for every transaction as part of their investment process. Climate risks are incorporated in the ESG analysis under environmental factors.

The Company does not have executive directors or employees. It has entered into contractual arrangements with a network of third parties (the "Service Providers") who provide services to it. The Board, through the Management Engagement Committee, undertakes annual due diligence on, and ongoing monitoring of, all such Service Providers including obtaining a confirmation that each such Service Provider complies with relevant laws regulations and good practice and has ESG policies in place.

Shareholder Engagement
The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. Shareholders wishing to meet with the Chair 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.

Ordinarily, the Company's AGM provides a forum for Shareholders to meet and discuss issues of the Company. This was not possible in 2021 due to travel restrictions as a result of COVID-19. However, Shareholders did have 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 LSE in the form of an announcement.

In addition, ordinarily members of the Board would usually attend investor days and conferences held by the Portfolio Manager. Again, this was not possible in 2021 due to COVID-19 but the Portfolio Manager held webinar sessions which the Board attended.

An Extraordinary Resolution was proposed at the AGM on 8 July 2021 to dis-apply pre-emption rights to equity shares allotted by the Directors of the Company for cash, as if the pre-emption rights contained in the Articles in respect of such equity securities did not apply. It was carried by 99.64% of votes in favour (75% of votes in favour necessary). Importantly utilisation of this will be at a 3% or greater premium to NAV to ensure it is accretive.

STRATEGIC REPORT continued
For the year ended 30 September 2021

Shareholder Engagement continued
The Company maintains a website which contains comprehensive information, including links to regulatory announcements, share price information, financial reports, investment objectives, Monthly Factsheets and investor contacts.

Position and Performance

Packaged Retail and Insurance-based Investment Products Key Information Document
The Company has published a Key Information Document ("KID") in compliance with the Packaged Retail and Insurance-based Investment Products ("PRIIPs") Regulation. The KID can be found on the Company website at the below web address:

https://twentyfouram.com/funds/twentyfour-select-monthly-income-fund/fund-literature/

The process for calculating the risks, cost and potential returns are prescribed by regulation. The figures in the KID may not reflect the PM expected returns for the Company and anticipated returns cannot be guaranteed.

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:

- Monthly Dividends;
- Net Asset Value;
- Share Price;
- Discount/Premium; and
- Ongoing Charges.

A record of these measures is disclosed on page 4.

Net Asset Value
The Net Asset Value ("NAV") per Ordinary Redeemable Share, including revenue reserve, at 30 September 2021 was 93.32p, based on net assets as at this date of £178,003,225 divided by number of Ordinary Redeemable Shares in issue of 190,738,518 (30 September 2020: 86.79p based on net assets of £192,860,455 divided by number of Ordinary Redeemable Shares in issue of 222,214,981).

Share Price
The Share Price is the price per share per Ordinary Redeemable Share trading on the London Stock Exchange. On 30 September 2021, the share price was 96.20p (30 September 2020: 83.40p).

Discount/Premium to NAV
The discount/premium to NAV is a percentage difference in share price per share to the net asset value per share. It is calculated by subtracting the share price from the NAV per share and dividing it by the NAV per share. If the share price is lower than the NAV per share, the shares are trading at a discount. If the share price is higher than the NAV per Share, the shares are trading at a premium.

On 30 September 2021, the premium to NAV was 3.09% (30 September 2020: discount of 3.91%).

Ongoing Charges
Ongoing charges for the year ended 30 September 2021 have been calculated in accordance with the Association of Investment Companies (the "AIC") recommended methodology. The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs, share issue or buyback costs and non-recurring legal and professional fees, expressed as a percentage of the average of the weekly net assets during the year.

STRATEGIC REPORT continued

For the year ended 30 September 2021

Position and Performance continued

The ongoing charges for the year ended 30 September 2021 were 1.14% (30 September 2020: 1.12%). The ongoing charges were calculated as follows:

	30.09.21	30.09.20
	£	£
Ongoing Charges		
Average NAV for the year (a)	181,779,012	174,490,312
Total expenses	2,080,343	1,957,381
Less: Expenses not recognised as part of the AIC Ongoing Charges Methodology	-	-
Total recognised expenses (b)	2,080,343	1,957,381
Ongoing Charges (b/a)	1.14%	1.12%

Dividends
The Company maintains a dividend target of 6p per share. Any changes to the dividend target would require a Shareholders' vote.

The dividend per share for the year ended 30 September 2021 was 6.52p (30 September 2020: 6.14p) meaning that the Company met its dividend target for the current year. During the year the following dividends were declared:

Period to	Dividend per Share (pence)	Dividend declared (£)	Ex-dividend date	Record date	Pay date
31 October 2020	0.50	1,109,696	12 November 2020	13 November 2020	30 November 2020
30 November 2020	0.50	1,109,696	17 December 2020	18 December 2020	5 January 2021
31 December 2020	0.50	929,193	14 January 2021	15 January 2021	29 January 2021
31 January 2021	0.50	929,193	18 February 2021	19 February 2021	2 March 2021
28 February 2021	0.50	929,193	18 March 2021	19 March 2021	31 March 2021
31 March 2021	0.50	929,193	15 April 2021	16 April 2021	30 April 2021
30 April 2021	0.50	941,193	13 May 2021	14 May 2021	28 May 2021
31 May 2021	0.50	941,193	17 June 2021	18 June 2021	30 June 2021
30 June 2021	0.50	941,193	15 July 2021	16 July 2021	30 July 2021
31 July 2021	0.50	946,193	12 August 2021	13 August 2021	31 August 2021
31 August 2021	0.50	948,693	16 September 2021	17 September 2021	30 September 2021
30 September 2021	1.02	1,956,683	14 October 2021	15 October 2021	29 October 2021

The Directors will continue to monitor the appropriateness of the dividend policy.

STRATEGIC REPORT continued
For the year ended 30 September 2021

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. The current dividend target is 6p per share and any change to this would require a Shareholders' vote. Notwithstanding this, the Company and its investment objective would still be viable. In selecting this period the Board considered the environment within which the Company operates and the risks associated with the Company.

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 and a focus on capital preservation in uncertain times, by investing in less liquid, high yielding credit securities.

The Board confirms they have performed a robust assessment of the principal risks facing the Company and the Board's assessment of the Company over the three year period has been made with reference to the Company's current strategy, 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 16 to 18.

The Board has also considered the Company's cash flows and income flows, its likely ability to pay dividends, quarterly tender requests and the portfolio analysis, including but not limited to liquidity analysis, foreign exchange analysis, credit analysis and valuation analysis. The analysis has taken the form of stress tests on the Company as well as cash flow modelling based on a range of different market scenarios. All of the foregoing has been considered against the background of the Company's dividend target.

Key assumptions considered by the Board in relation to the viability of the Company are as follows and these are stressed in terms of dividend sustainability and liquidity of the portfolio:

Dividend Target
The validity of the going concern basis depends on the Company meeting its dividend target annually. In the event that the Company does not meet the dividend target as disclosed in note 19 to the Financial Statements, the Directors will convene a Shareholders' vote regarding a change in the dividend target set out in note 16 to the Financial Statements. The Board acknowledges the increase in deficit as mentioned in the results section below and continues to monitor income closely to ensure the dividend target is met.

Quarterly Tenders
The Company has incorporated into its structure a mechanism for a quarterly tender to reduce the risk of Ordinary Shares trading at a discount to NAV. The Company can tender on a quarterly basis for up to 20% of the Ordinary Shares in issue as at the relevant Quarter Record Date, subject to an aggregate limit of 50% of the Ordinary Shares in issue in any twelve month period ending on the relevant Quarter Record Date. In the event that quarterly tender applications, on any tender submission deadline, exceed the 50% limit, the Directors will convene a General Meeting in accordance with the Continuation Vote requirements set out in note 16 to the Financial Statements. The quarterly tenders will be at the discretion of the Board. Ordinary Shares trading at a discount to NAV over a long period of time may impact the viability of the Company.

The Board having considered the analysis above, have a reasonable expectation that the Company will remain viable over the three year period to 30 September 2024.

During the year 47,152,204 shares were tendered, 10,775,741 shares were placed with investors and 36,376,463 were repurchased by the Company and cancelled. Additional information on the tenders is detailed in the Chair's Statement.

STRATEGIC REPORT continued
For the year ended 30 September 2021

Section 172 statement
Although the Company is domiciled in Guernsey, the Board has considered the guidance set out in the AIC Code in relation to Section 172 of the Companies Act 2006 in the UK. Section 172 of the Companies Act requires that the Directors of the Company act in the way they consider, in good faith, is most likely to promote the success of the Company for the benefit of all stakeholders, including suppliers, customers and Shareholders.

Further information as to how the Board has had regard to the Section 172 factors:

Section 172 factor	Key examples	Location
Consequences of decisions in the long term	Investment Objectives and Policy Future Prospects Dividend policy Viability Statement	Summary Information Strategic Report Note 19 Strategic Report
Fostering business relationships with suppliers, customers and other stakeholders	Shareholders; Key Service Providers	Strategic Report; AGM; Monthly Factsheet and Commentary
Impact of operations on the community and the environment	Environmental, Social and Governance	Strategic Report
Maintaining high standard of business conduct	Corporate Governance	Directors' Report

Key Service Providers
The Company does not have any employees and as such the Board delegates responsibility for its day to day operations to a number of key service providers. The activities delegated, service levels and other related reports to the activities of each service provider providers (such as their own approach to such matters as cyber risk and assessment of climate change risk to operations) are closely monitored, where and as appropriate by the Board and they are required to report to the Board at set intervals.

The Board also meets at least annually to consider the long-term strategy of the business, incorporating presentations and discussion on longer-term opportunities and threats to the business. Focus is placed on emerging risks which have the potential to disrupt the business model.

Signed on behalf of the Board of Directors on 8 December 2021 by:

Claire Whittet
Chair

Christopher Legge
Director

DIRECTORS' REPORT

The Directors present their Annual Report and Audited Financial Statements for the year ended 30 September 2021.

Business Review

The Company
TwentyFour Select Monthly Income Fund Limited (the "Company") was incorporated with limited liability in Guernsey, as a closed-ended investment company on 12 February 2014. 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 LSE on 10 March 2014.

Investment Objective and Policy
The 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 can operate 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 in the LSE.

The Company also offers investors a Quarterly Tender, contingent on certain factors, to provide Shareholders with a quarterly opportunity to submit Ordinary Shares for placing or repurchase by the Company at a price representing a discount of no more than 2% to the then prevailing NAV. For additional information refer to note 16 (ii) to the Financial Statements.

Shareholder Information
Shareholder information is set out in the Summary Information on page 3.

The Company had the ability to issue up to 18,823,851 ordinary shares under a tap facility as approved at the Annual General Meeting ("AGM") on 8 July 2021. On 13 April 2021 a written resolution was passed to issue a new Block Listing facility for 10,000,000 ordinary shares. During the financial year ended 30 September 2021, the Company issued 4,900,000 shares. On 29 October 2021 a written resolution was passed to issue a Block Listing facility for 28,447,703 ordinary shares.

Going Concern
The Directors believe that, having considered the Company's investment objective (see Summary Information on page 3), financial risk management (see note 16 to the Financial Statements) and in view of the Company's holdings in cash and cash equivalents, the liquidity of investments and the income deriving from those investments, 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.

Results
The results for the year are set out in the Statement of Comprehensive Income. The Directors declared income distributions of £12,611,312 in respect of the year ended 30 September 2021, a breakdown of which can be found in note 19 to the Financial Statements. The 30 September 2021 distribution which was declared on 7 October 2021 was paid on 29 October 2021.

Distributions made with respect to any income period comprise excess income, defined as (a) the total income of the portfolio for the period, (b) an additional amount paid out of capital to reflect any additional income in the course of any share subscriptions that took place during the period (including additional 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 from the foreign exchange contracts caused by the LIBOR differentials between each foreign exchange currency pair and (d) an adjustment of the relevant apportionment of costs.

DIRECTORS' REPORT continued

Results continued

Retained earnings remain negative, however the deficit was significantly reduced during the reporting period. Retained earnings include realised and unrealised gains and losses on the Company's assets. These include both investment assets, such as bonds, and foreign exchange and other derivatives used purely for hedging, as well as all forms of income. Securities purchased at a premium and large foreign exchange movements will impact retained earnings as will unfavourable market movements or credit events.

The principal purpose of the Company is to generate an income which is currently framed on a 6 pence per share annual dividend target. The ability to generate this is a central focus of the PM and the Board and all portfolio net income is distributed on an annual basis.

Importantly, the ability to achieve the dividend target is linked to market conditions and the amount of risk the Company takes. In this regard, the intention is not to increase the Company's risk profile simply to meet the dividend target. However, where the anticipated rewards for higher risk taking are attractive, we would be comfortable tactically assuming more risk.

Managing the portfolio to improve the retained earnings during favourable market conditions or to maintain these during difficult market conditions is also an aim of the PM. The ability to do this is fundamentally impacted by the nominal (6 pence per share) dividend target.

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 NAV, which is calculated weekly on each valuation day and on the last business day of each month, or market capitalisation of each class of share. For additional information refer to note 14 to the Financial Statements.

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

Alternative Investment Fund Manager ("AIFM")

Alternative investment fund management services are provided by Maitland Institutional Services Limited ("Maitland") (formerly Phoenix Fund Services (UK) Limited). The AIFM fee is payable quarterly in arrears at a rate of 0.07% of the NAV 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 to the Financial Statements.

Custodian and Depositary

Custody 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. The Depositary agreement includes custodian duties. For additional information refer to note 15 to the Financial Statements.

Directors

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

Directors' and Other Interests

The Directors of the Company held the following Ordinary Shares beneficially:

	30.09.21	30.09.20
	Shares	**Shares**
Claire Whittet	25,000	25,000
Christopher Legge	50,000	50,000
Ian Martin	35,000	35,000

The Board do not hold any shareholdings in entities where the Company has a stake in the same entity that amounts to more than 1% of its portfolio.

DIRECTORS' REPORT continued

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 listing 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 34 to 35, indicates 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 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, and consider that reporting against these will provide better 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 Code is 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 30 September 2021, 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.

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;
- Senior Independent Director;

For the reasons set out in the AIC Guide, the Board considers that 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 reason for not appointing a Senior Independent Director is set out on page 28.

There have been no other instances of non-compliance, other than those noted above.

DIRECTORS' REPORT continued

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 34 to 35.

The Board typically consists of three non-executive Directors (but with the appointment of Mr Paxton has temporarily increased to four), all of whom are considered to be independent of the Portfolio Manager and as prescribed by the Listing Rules. Mr Paxton, who was appointed to the Board on 1 November 2021, is also considered to be independent of the Portfolio Manager and as prescribed by the Listing Rules.

The Board does not consider it appropriate to appoint a Senior Independent Director because all Directors are deemed to be independent by the Company. 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 Chair is responsible for leadership of the Board and ensuring its effectiveness.

Chair

The Chair is Claire Whittet. The Chair of the Board must be, and is considered to be, independent for the purposes of Chapter 15 of the Listing Rules.

Biographies for all the Directors can be found on pages 13 and 14. Furthermore, the Board:

- 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.

The Board needs 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 administration, accounting, registrar and company secretarial services including the independent calculation of the Company's NAV and the production of the Annual Report and Financial Statements which are independently audited.

DIRECTORS' REPORT continued

Corporate Governance continued

Role, Composition and Independence of the Board continued
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 to comprise of at least two persons, is at all times such that a majority of the Directors are independent of the Portfolio Manager and any company in the same group as the Portfolio Manager; the Chair 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 a breadth of experience relevant to the Company and the Directors believe that any changes to the Board's composition can be managed without undue disruption. With any new director appointment to the Board, consideration will be given as to what induction process is appropriate.

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 complying with the disclosure requirements of DTR 7.2.8 in terms of the Company's diversity policy.

Cross-Directorships
There were no cross-directorships held by the Board members during the year 1 October 2020 to 30 September 2021.

Directors' Attendance at Meetings
The Board holds quarterly Board meetings, to discuss general management including: dividend policy, structure, finance, corporate governance, marketing, risk management, liquidity, 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.

A representative from each 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 and Risk Committee meets at least twice a year, the Management Engagement Committee ("MEC") and Remuneration and Nomination Committee meet at least once a year, a dividend meeting is held monthly and there are additional meetings covering the Quarterly Tender as and when necessary. 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.

DIRECTORS' REPORT continued

Corporate Governance continued

Directors' Attendance at Meetings continued

Although some of the Directors hold other listed Board positions, none of these is for a trading company and the Board is satisfied that they have sufficient time commitment to carry out their duties for the Company as evidenced by their attendance at the Board, Audit and Management Engagement Committee meetings during the year which was as follows:

	Board Meetings		Audit and Risk Committee Meetings		Management Engagement Committee Meetings		Remuneration and Nomination Committee Meetings		Ad hoc Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Claire Whittet	5	5	3	3	1	1	1	1	16	16
Christopher Legge	5	5	3	3	1	1	1	1	16	15
Ian Martin	5	5	3	3	1	1	1	1	16	14

At the Board meetings, the Directors review the management of the Company's assets and liabilities and all other significant matters so as to ensure that the Directors maintain overall control and supervision of the Company's affairs.

Election of Directors

The election of Directors is set out in the Directors' Remuneration Report on pages 36 to 37.

Board Performance and Training

On appointment to the Board, Directors will be offered relevant training and induction. Training is an on-going matter as is discussion on the overall strategy of the Company.

On appointment to the Board, each Director considered the expected time needed to discharge their responsibilities effectively. The Directors confirmed that each had sufficient time to allocate and would inform the Board of any subsequent changes.

In respect of the Criminal Finances Act 2017 which has introduced a new corporate criminal offence ("CCO") of 'failing to take reasonable steps to prevent the facilitation of tax evasion', the Board confirms that they are committed to zero tolerance towards the criminal facilitation of tax evasion.

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 also required to seek re-election if they have already served for more than nine years. 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. Notwithstanding the foregoing, all Directors have agreed to stand for re-election annually and all were re-elected with votes in favour in excess of 90% at the AGM.

DIRECTORS' REPORT continued

Corporate Governance continued

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 with Ian Martin appointed as Chair. These duties and responsibilities include the regular review of the performance, fees 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 its review of the performance and capabilities of the Portfolio Manager at its meeting during the year and the Board recommended the continued appointment of TwentyFour Asset Management LLP as Portfolio Manager to be in the interest of the Company.

Ordinarily, the Board conducts an annual strategy day with the Portfolio Manager at their offices and in addition attends the Portfolio Manager's Annual conference. Due to travel restrictions as a result of COVID-19, meetings in person have not been held but the Board has maintained close contact with the Portfolio Manager and intends holding a strategy day at their offices early in 2022. The Directors have attended various webinar presentations by the PMs.

The Board considers that the interests of Shareholders, as a whole, are best served by the ongoing appointment of the AIFM and Custodian and Depositary to achieve the Company's investment objectives.

Audit and Risk Committee
An Audit and Risk Committee has been established consisting of all Directors with Christopher Legge appointed as Chair. As there are only 3 Directors of the Company as at 30 September 2021, the Board considers it appropriate that all Directors should be members of the Audit and Risk Committee. From 1 November 2021 there were 4 Directors of the Company, however it is the intention to revert to 3 Directors in early 2022. The terms of reference of the Audit and Risk 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 of the audit and reviewing the Company's compliance with the AIC Code.

Further details on the Audit and Risk Committee can be found in the Audit and Risk Committee Report on page 38.

Remuneration and Nomination Committee
The Remuneration and Nomination Committee has been established consisting of all Directors with Christopher Legge appointed as Chair.

The Committee met on 1 September 2021. It was recommended that the base director fee level be increased to £35,000 per annum and the MEC Chairman be increased to £37,000 per annum with effect from 1 October 2021. The Board Chair and Audit Committee Chair remuneration will remain unchanged.

The Committee continues to review succession planning. The succession plan was tabled by the Chair at the Remuneration and Nomination Committee meeting on 1 September 2021. Proposals included adding new Board members to replace the outgoing Audit Chair by end of 2021 (duly achieved) and Board Chair by quarter 4 of 2022.

DIRECTORS' REPORT continued

Corporate Governance continued

Remuneration and Nomination Committee continued
Diversity of the Board was discussed and it was noted that the split of 33% as at 30 September 2021 remained within the gender diversity guidelines as at the end of the financial year. With the subsequent appointment of Mr Paxton, the percentage has fallen to 25% but will revert to 33% on Mr Legge's retirement in early 2022. The Committee also discussed the skills and experience of the Board and considers them adequate to fulfill their duties.

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 (E5XSVA.99999.SL.831), and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard 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.

The Board ensures that the Company is compliant with Guernsey regulations and guidance in this regard. The activities of the Company do not constitute relevant activities as defined by the Income Tax (Substance Requirements) (Implementation) Regulations, 2018 (as amended) and as such the Company was out of scope.

Strategy
The strategy for the Company is to capture the illiquidity premium that is associated with 'off the run' bond issues. As part of the general search for high conviction, relative value securities the Portfolio Manager continually came across interesting investment opportunities but too often these bonds did not offer sufficient liquidity to use in the typical daily mark-to-market UCITs funds, however they are suitable for closed ended vehicles. By remaining highly selective and without conceding on underlying credit quality, the strategy targets a monthly distribution of 0.5p per share, with all excess income, as discussed in the Results section of the Directors' Report on pages 25 and 26, 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.

DIRECTORS' REPORT continued

Corporate Governance continued

Internal Controls continued

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.

The Board has delegated the day to day responsibilities for the management of the Company's investment portfolio, the provision of custodial and depositary services and administration, accounting, registrar and company 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.

Significant Shareholdings

Shareholders with holdings of more than 3.0% of the Shares of the Company at 6 December 2021 were as follows:

TOP HOLDINGS

	Number of shares	Percentage of issued share capital
Huntress (CI) Nominees Limited	13,868,685	7.18%
Pershing Nominees Limited	8,696,720	4.50%
Hargreaves Lansdown (Nominees) Limited	7,415,992	3.84%
W B Nominees Limited	7,140,817	3.70%
Roy Nominees Limited	7,090,000	3.67%
State Street Nominees Limited	6,789,143	3.51%

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 the Shares.

Independent Auditor

A resolution for the reappointment of PricewaterhouseCoopers CI LLP was proposed and approved at the AGM on 8 July 2021.

Signed on behalf of the Board of Directors on 8 December 2021 by:

Claire Whittet
Chair

Christopher Legge
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Companies (Guernsey) Law, 2008 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.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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 30 September 2021.

(b) The Annual Report includes information detailed in the Chairperson's Statement, Portfolio Manager's Report, Strategic Report, Directors' Report, Statement of Directors' Responsibilities, Directors' Remuneration Report, Audit and Risk 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 position and performance, business model and strategy.

By order of the Board,

Claire Whittet
Chair
8 December 2021

Christopher Legge
Director

DIRECTORS' REMUNERATION REPORT

The Directors' remuneration report has been prepared in accordance with the UK Code as issued by the UK Listing Authority. The aggregate amount of Directors' fees is £200,000 to allow for the appointment of additional director(s) to allow for an overlap in appointments thereby assisting with Board succession planning.

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.

It is the responsibility of the Remuneration and Nomination Committee to determine and approve the Directors' remuneration, 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 Chair's remuneration is decided separately and is approved 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 £200,000 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 by the Company outside their normal Directors' fees and expenses.

In the year ended 30 September 2021 the Directors received the following annual remuneration in the form of Directors' fees:

Claire Whittet (Chair of the Board)	£44,000
Christopher Legge (Audit and Risk Committee Chairman)	£38,500
Ian Martin (MEC Chairman)	£33,500
Total	£116,000

As discussed in the Directors' Report on page 31, some Directors' fees increased from 1 October 2021.

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

The Directors were appointed as non-executive Directors by letters issued in February and July 2014. Each Director's appointment letter provides that, upon the termination of his/her appointment, that 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.

DIRECTORS' REMUNERATION REPORT continued

Remuneration continued

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 but have opted for annual re-election. The Directors are required to seek re-election if they have already served for more than nine years. 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 to the Financial Statements are 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 8 December 2021 by:

Claire Whittet
Chair

Christopher Legge
Director

AUDIT AND RISK COMMITTEE REPORT

On the following pages, we present the Audit and Risk Committee's Report, setting out the responsibilities of the Audit and Risk Committee and its key activities for the year ended 30 September 2021.

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

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

Role and responsibilities
The primary function of the Audit and Risk 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 and Risk Committee reviews the systems of internal financial and operating controls on a continuing basis that the Administrator, Portfolio Manager, AIFM, and Custodian and Depositary and the Board have established with respect to finance, accounting, risk management, compliance, fraud and audit. The Audit and Risk 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 remain with the Board.

The Audit and Risk 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 and Risk Committee continues to be responsible for reviewing the adequacy and effectiveness of the Company's on-going risk management systems and processes. Its system of internal controls, along with its design and operating effectiveness, is subject to review by the Audit and Risk 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 Board 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 on 4 March 2021. The Board receives confirmation from all service providers that there has been no fraud, bribery or corruption.

AUDIT AND RISK COMMITTEE REPORT continued

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

The Audit and Risk 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 and Risk 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 £178,003,225 as at 30 September 2021 with 190,738,518 shares in issue (30 September 2020: £185,202,867 with 222,214,981 shares in issue) 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 and note 3 to the Financial Statements. The Audit and Risk Committee considered the valuation of the investments held by the Company as at 30 September 2021 to be reasonable based on information provided by the Portfolio Manager, AIFM, Administrator, Custodian and Depositary on their processes for the valuation of these investments.

(ii) Income Recognition:
The Audit and Risk Committee considered the calculation of income from investments recorded in the Financial Statements for the year ended 30 September 2021. As disclosed in note 3(ii)(b) of the Notes to the Financial Statements, the estimated life of Credit Securities is determined by the Portfolio Manager, impacting the effective interest rate of the Credit Securities which in turn impacts the calculation of income from investments. The Audit and Risk Committee reviews the Portfolio Manager's processes at least annually for determining the expected life of the Company's investments and have found them to be reasonable based on the explanations provided and information obtained from the Portfolio Manager. The Auditor also reviews the processes and methodology supporting them. The Audit and Risk Committee was therefore satisfied that income was appropriately stated in all material aspects 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 and Risk 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 and Risk 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 Company. The Audit and Risk 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 Audit and Risk Committee meeting to review the Annual Report and Audited Financial Statements, the Audit and Risk Committee received and reviewed a report on the audit from the external auditors. On the basis of its review of this report, the Audit and Risk Committee is satisfied that the external auditor has fulfilled its responsibilities with diligence and professional scepticism. The Audit and Risk Committee advised the Board that these Annual Financial Statements, taken as a whole, are fair, balanced and understandable.

AUDIT AND RISK COMMITTEE REPORT continued

Financial reporting and significant financial issues continued
The Audit and Risk 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.

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

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

In accordance with the recently issued FRC 2019 ethical guidelines, the Company does not utilise external auditor for internal audit purposes, secondments, tax compliance, private letter rulings, accounting advice or valuation advice.

The FRC Ethical Standards require that the audit engagement leaders on listed entities are rotated at least every 5 years. Roland Mills has served 3 years as the Company's audit engagement leader and his last year end will be 30 September 2023.

The following table summarises the remuneration paid to PwC and to other PwC member firms for audit and non-audit services in respect of the year ended 30 September 2021 and for the year ended 30 September 2020.

	Year ended 30.09.21	Year ended 30.09.20
PricewaterhouseCoopers CI LLP - Assurance work	£	£
- Annual audit of the Company	69,000	60,000
- Interim review	20,000	18,500
PricewaterhouseCoopers CI LLP - Non assurance work		
- Tax consulting and compliance services	nil	nil
- Ratio of assurance to non-assurance work	100% / nil	100% / nil

AUDIT AND RISK COMMITTEE REPORT continued

External Auditor continued
In accordance with the recently issued FRC 2019 ethical guidelines, the Company qualifies as an EU Public Interest Entity and is therefore subject to the restrictions on non-audit services provided by its auditor under this regime.

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

The Audit and Risk Committee and Risk Report was approved by the Audit and Risk Committee on 8 December 2021 and signed on behalf by:

Christopher Legge
Chairman, Audit and Risk Committee

ALTERNATIVE INVESTMENT MANAGER'S REPORT

Maitland Institutional Services Ltd acts as the Alternative Investment Fund Manager ("AIFM") of TwentyFour Select Monthly Income Fund ("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 and 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
The AIFM is subject to a staff remuneration policy which meets the requirements of the AIFMD. The policy is designed to ensure remuneration practices are consistent with, and promote, sound and effective risk management. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or instrument of incorporation of the funds managed, and does not impair the AIFM's compliance with its duty to act in the best interests of the funds it manages.

The AIFM has reviewed the Remuneration Policy and its application in the last year which has resulted in no material changes to the policy or irregularities to process.

This disclosure does not include staff undertaking portfolio management activities as these are undertaken by TwentyFour Asset Management LLP. The investment manager is required to make separate public disclosure as part of their obligations under the Capital Requirements Directive.

The AIFM also acts as Authorised Corporate director (ACD) for non-AIFs. It is required to disclose the total remuneration it pays to its staff, split into fixed and variable remuneration, with separate aggregate disclosure for staff whose actions may have a material impact to the risk profile of a fund or the AIFM itself. This includes executives, senior risk and compliance staff and certain senior managers.

ALTERNATIVE INVESTMENT MANAGER'S REPORT continued

AIFM Remuneration (continued)

	Number of Beneficiaries	Total Remuneration Paid £	Fixed Remuneration £	Variable Remuneration Paid £
Total remuneration paid by the ACD to its staff	90	5,841,738	5,841,738	
Total remuneration paid by the delegate(s)	67	5,281,258	1,836,100	3,445,158
Remuneration paid to employees of the ACD who are material risk takers	4	940,207	940,207	
Remuneration paid to employees of the delegate(s) who are material risk takers	31	3,547,269	1,081,834	2,465,435

Further information is available in the AIFM's Remuneration Policy Statement which can be obtained from www.maitlandgroup.com or, on request free of charge, by writing to the registered office of the AIFM.

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.

C O'Keeffe
P.F. Brickley
Directors
Maitland Institutional Services Ltd

DEPOSITARY STATEMENT

For the year ended 30 September 2021

Report of the Depositary to the Shareholders

Northern Trust (Guernsey) Limited has been appointed as Depositary to TwentyFour Select Monthly 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 30 September 2021, 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 document; and by the AIFMD legislation; and

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

For and on behalf of
Northern Trust (Guernsey) Limited
8 December 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TWENTYFOUR SELECT MONTHLY 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 Select Monthly Income Fund Limited (the "company") as at 30 September 2021, 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 30 September 2021;
- 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 significant accounting policies and other explanatory information.

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

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 (the "Board") has delegated the day-to-day administration 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 the Portfolio Manager during our audit.
- We conducted all our audit work in Guernsey.

Key audit matters

- Valuation of investments

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

Materiality

- Overall materiality: £3.6 million (2020: £3.9 million) based on 2% of net assets.
- Performance materiality: £2.7million.

The scope of our audit

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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation of investments Investments are designated as financial assets at fair value through profit or loss and are disclosed separately on the statement of financial position (£175.7million). Investments comprise a diverse portfolio of credit securities and are fair valued in accordance with the policies set out in note 2(e) to the financial statements, and the fair value of investments and movement therein are further disclosed in notes 9 and 17 respectively to the financial statements. Investments represent the most significant balance on the statement of financial position and are not listed or quoted on any recognised exchange. Investment valuations are subject to estimates based on the Portfolio Manager's judgements and assumptions underlying each security, as detailed in note 3(ii)(a) to the financial statements. Owing to the level of subjectivity that could be applied in fair valuing	• 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 for investment valuation for compliance with International Financial Reporting Standards and planned and executed our audit procedures to ensure that the valuation of investments was accounted for in accordance with the stated accounting policy. • We tested the valuation of investments by using a PwC asset pricing team in the PwC UK network firm to reprice the entire investment portfolio. Prices were obtained by the pricing team from a range of independent sources, including exchange traded and consensus prices. Where the pricing team were unable to obtain independent prices, either due to licensee access restrictions because of the fact that certain investments are bespoke private deals, or where the prices obtained exceeded our initial tolerable variance thresholds per investment (i.e. the initial threshold for differences between the prices reported and the repricing obtained over which we undertake further investigation). The engagement team sought and received supporting

INDEPENDENT AUDITOR'S REPORT continued
TO THE MEMBERS OF TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

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.	evidence for these specific prices from the Administrator and/or the Portfolio Manager. In doing so, we also assessed the independence, reputation, and reliability of the sources of the supporting evidence provided in these instances. All variances exceeding our initial tolerable variance thresholds were evaluated as being reasonable considering the supporting evidence obtained and evaluated. • In executing our investment repricing testing, where we noted that investments were based on prices published at dates prior to the reporting date, we performed additional audit procedures to ensure that updated prices had been received subsequent to the year end, and that those prices were not materially different to the prices used at the reporting year end. • In order to determine the ongoing reliability of the investment valuations from year to year, we also, for a sample of disposals, compared the disposal 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. • We also discussed and evaluated the Portfolio Manager's approach to assessing and, if necessary, measuring the impact of COVID-19 on the fair value of the investment portfolio. No material differences were identified in our testing which required reporting to those charged with governance or that would lead us to believe that the portfolio of investments does not materially reflect fair value.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give 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. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

Overall materiality	£3.6 million (2020: £3.9 million).
How we determined it	2% of net assets
Rationale for benchmark applied	We believe that net assets is the most appropriate benchmark because this is the key metric of interest to shareholders. It is also a generally accepted measure used for companies in this industry.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £2.7 million for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £178,000 (2020: £192,850) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on 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 (the "Annual Report") 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 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, 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 related 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

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 over a period of at least twelve months from the date of approval of the financial statements. 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.
- 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.

Use of this report

This report, including the opinions, 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

INDEPENDENT AUDITOR'S REPORT continued
TO THE MEMBERS OF TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

do not, in giving these opinions, 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.

Report on other legal and regulatory requirements

Company Law exception reporting
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.

Corporate governance statement
The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

The company has reported compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the company's obligations, as an investment company, under the Listing Rules of the FCA.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Directors' Report and Strategic Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the company 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 Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Roland Mills
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
8 December 2021

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2021

	Notes	Year ended 30.09.21 £	Year ended 30.09.20 £
Income			
Interest income on financial assets at fair value through profit and loss		12,858,742	13,290,703
Net foreign currency gains/(losses)	8	6,007,885	(1,488,551)
Net gains on financial assets at fair value through profit or loss	9	8,193,933	860,545
Total income		27,060,560	12,662,697
Expenses			
Portfolio management fees	14	(1,361,199)	(1,311,457)
Directors' fees	14	(116,000)	(116,000)
Administration fees	15	(125,721)	(122,497)
AIFM management fees	15	(84,448)	(82,458)
Audit fees		(69,000)	(60,000)
Custody fees	15	(19,635)	(19,543)
Broker fees	15	(50,000)	(50,000)
Depositary fees	15	(29,718)	(28,825)
Legal fees		(50,189)	(22,442)
Other expenses		(174,433)	(144,159)
Total expenses		(2,080,343)	(1,957,381)
Total income for the year		24,980,217	10,705,316
Earnings per Ordinary Share - Basic & Diluted	4	0.126	0.053

All items in the above statement derive from continuing operations.

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION
as at 30 September 2021

Assets	Notes	30.09.21 £	30.09.20 £
Current assets			
Financial assets at fair value through profit and loss			
- Investments	9	175,652,111	185,202,867
- Derivative assets: Forward currency contracts		47,708	48,052
Shares sold receivable		486,350	-
Amounts due from broker		832,810	-
Other receivables	10	2,572,415	2,612,952
Cash and cash equivalents		2,899,593	11,689,871
Total current assets		182,490,987	199,553,742
Liabilities			
Current liabilities			
Amounts due to broker		3,107,784	3,626,441
Other payables	11	451,622	421,221
Financial liabilities at fair value through profit and loss			
- Derivative liabilities: Forward currency contracts	16	928,356	2,645,625
Total current liabilities		4,487,762	6,693,287
Total net assets		178,003,225	192,860,455
Equity			
Share capital account	12	179,677,592	207,218,537
Retained earnings		(1,674,367)	(14,358,082)
Total equity		178,003,225	192,860,455
Ordinary Shares in issue	12	190,738,518	222,214,981
Net Asset Value per Ordinary Share (pence)	6	93.32	86.79

The Financial Statements on pages 52 to 86 were approved by the Board of Directors on 8 December 2021 and signed on its behalf by:

Claire Whittet
Chair

Christopher Legge
Director

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2021

	Note	Share capital account £	Retained earnings £	Total £
Balance at 1 October 2020		207,218,537	(14,358,082)	192,860,455
Issue of shares		4,760,903	-	4,760,903
Share issue costs		(54,842)	-	(54,842)
Repurchased tendered shares cancelled		(32,472,475)	-	(32,472,475)
Income equalisation on redemptions	5	225,469	(225,469)	-
Dividends paid		-	(12,071,033)	(12,071,033)
Total comprehensive income for the year		-	24,980,217	24,980,217
Balance at 30 September 2021		179,677,592	(1,674,367)	178,003,225

	Note	Share capital account £	Retained earnings £	Total £
Balance at 1 October 2019		180,201,379	(12,374,093)	167,827,286
Issue of shares		27,480,711	-	27,480,711
Share issue costs		(295,997)	-	(295,997)
Income equalisation on new issues	5	(167,556)	167,556	-
Dividends paid		-	(12,856,861)	(12,856,861)
Total comprehensive income for the year		-	10,705,316	10,705,316
Balance at 30 September 2020		207,218,537	(14,358,082)	192,860,455

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS
For the year ended 30 September 2021

	Notes	Year ended 30.09.21 £	Year ended 30.09.20 £
Cash flows from operating activities			
Total income for the year		24,980,217	10,705,316
Adjustments for:			
Net gains on financial assets at fair value through profit or loss	9	(8,193,933)	(860,545)
Amortisation adjustment under effective interest rate method	9	(2,105,374)	(1,119,110)
Unrealised (gain)/loss on derivatives	8	(1,716,924)	3,249,209
Exchange gain on cash and cash equivalents		(57,874)	(53,673)
Decrease in other receivables	10	40,537	105,015
Increase/(decrease) in other payables	11	30,401	(838,174)
Purchase of investments		(54,841,175)	(81,590,040)
Sale of investments		73,339,770	60,512,588
Net cash generated/(outflow) from operating activities		31,475,645	(9,889,414)
Cash flows used in financing activities			
Proceeds from issue of ordinary shares	12	4,274,553	27,480,711
Payment for repurchased tendered shares cancelled	12	(32,472,475)	-
Share issue costs	12	(54,842)	(295,997)
Dividends paid	19	(12,071,033)	(12,856,861)
Net cash (outflow)/generated from financing activities		(40,323,797)	14,327,853
(Decrease)/increase in cash and cash equivalents		(8,848,152)	4,438,439
Cash and cash equivalents at beginning of year		11,689,871	7,197,759
Exchange gain on cash and cash equivalents		57,874	53,673
Cash and cash equivalents at end of year		2,899,593	11,689,871

The accompanying notes are an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2021

1. General Information
TwentyFour Select Monthly Income Fund Limited (the "Company") was incorporated with limited liability in Guernsey, as a closed-ended investment company on 12 February 2014. 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 ("LSE") on 10 March 2014.

The 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) Basis of preparation and 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
The following standards, interpretations and amendments were adopted for the year ended 30 September 2021:

Interest Rate Benchmark Reform (IBOR), Amendments to IFRS 9, IAS 39 and IFRS 7 (the Phase 1 Amendments) (Effective 1 January 2020)
IBOR reform phase 1 deals with the pre-replacement issues of replacing GBP LIBOR with the Sterling Overnight Index Average (SONIA).

COVID-19-Related Rent Concessions (Amendment to IFRS 16)
In March 2021 the International Accounting Standards Board issued COVID-19-Related Rent Concessions beyond 30 June 2021, which extended the availability of the practical expedient by one year.

The adoption of these standards has not had any impact on the financial statements of the Company.

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:

Interest Rate Benchmark Reform (IBOR) Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the Phase 2 Amendments) (Effective 1 January 2021)
IBOR reform phase 2 finalises the response to the ongoing reform of inter-bank offered rates (IBOR) and other interest rate benchmarks.

IFRS 17 Insurance Contracts (Effective 1 January 2023)
The Company expects that the adoption of IFRS 17 in the future period will not have an impact on the Company's Financial Statements, as it does not hold any insurance contracts.

The adoption of these standards has not had any impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

2. Principal Accounting Policies continued

d) Standards, Amendments and Interpretations Issued but not yet Effective continued

Definition of Accounting Estimates (Amendments to IAS 8) (Effective 1 January 2023)
The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (Effective 1 January 2023)
An entity is now required to disclose its material accounting policy information instead of its significant accounting policies. Explanation has been added regarding how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. Accounting policy information may be material because of its nature, even if the related amounts are immaterial. Accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements. If an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

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.

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.

The Company may invest in any category of credit security, including, without prejudice to the generality of the foregoing, bank capital, corporate bonds, high yield bonds, leveraged loans, payment-in-kind notes and asset backed securities.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

2. Principal Accounting Policies continued

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

Recognition, derecognition and measurement continued

The Company records any 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 Credit Securities is recognised on a time-proportionate basis using the effective interest rate method and shown within income in the Statement of Comprehensive Income.

Fair value estimation

IFRS 13 defines fair value as 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 (an exit price).

i) Credit Securities traded or dealt on an active market or exchange

Credit 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 the Directors deem the mid-market price to be a reasonable approximation of an exit price.

ii) Credit Securities not traded or dealt on an active market or exchange

Credit Securities which are not traded or dealt on active markets or exchanges are valued by reference to their mid-price, as at the close of business on the reporting date as determined by pricing service providers that use broker dealer quotations, reported trades or valuation estimates from their internal pricing models. 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 Credit Security, the Portfolio Manager will source mid-price quotes at the close of business on the reporting date from independent third party brokers/dealers for the relevant security. If no mid-price is available then a bid-price will be used.

In cases where no third party price is available (either from an independent price vendor or independent third party brokers/dealers), or where the Portfolio Manager determines that the provided price is not an accurate representation of the fair value of the Credit 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 from underlying asset prices indices, reference rates and other observable inputs. These instruments are normally valued by pricing service providers or by utilising broker or dealer quotations. 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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

2. Principal Accounting Policies continued

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

Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's effective interest rate.

Any impairment losses impacting the amortised cost disclosed for the financial assets at fair value through profit and loss are recognised in the Statement of Comprehensive Income as realised losses within the net gain/loss on financial assets at fair value through profit or loss.

IFRS 9 replaced 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 as noted below.

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.

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. Derivatives are not settled on a net basis and therefore derivative assets and liabilities are shown gross.

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 rate method.

h) Income

Interest income is recognised on a time-proportionate basis using the effective interest rate method. Discounts received or premiums paid in connection with the acquisition of Credit Securities are amortised into interest income using the effective interest rate method over the expected 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, a shorter period, to the net carrying amount of the financial asset or financial liability.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2021

2. Principal Accounting Policies continued

h) Income continued

When calculating the effective interest rate, the Portfolio Manager estimates cash flows considering the expected life of the financial instrument, including future credit losses and deferred interest payments. 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 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 included in current liabilities in the Statement of Financial Position.

j) Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares are shown in equity as a deduction, net of tax, from the proceeds and disclosed in the Statement of Changes in Equity.

Repurchased tendered shares are treated as a distribution of capital and deducted from the Share Capital account.

k) Other reserves

Other reserves consist of equalisation on issues of new shares, dividends paid and total comprehensive income for the year.

l) 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.

m) Transaction costs

Transaction costs on financial assets and liabilities 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.

n) 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 Credit Securities. The Directors manage the business in this way. For additional information refer to note 18.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

2. Principal Accounting Policies continued

o) Expenses

All expenses are included in the Statement of Comprehensive Income on an accruals basis and are recognised through profit or loss in the Statement of Comprehensive Income.

p) 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 rate method, less provision for impairment.

q) 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 rate method.

r) Dividends paid

Dividend distributions to the Company's Shareholders are recognised as liabilities 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.

s) Income equalisation on new issues/tendered shares repurchased

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

t) 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 per Ordinary Share or Net Asset Value per Ordinary 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(l), 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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

3. Significant accounting judgements, estimates and assumptions continued

(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.

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

The Company carries its investments in Credit Securities at fair value, with changes in value being recognised in the Statement of Comprehensive Income. In cases where prices of Credit 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 Credit Security, the Portfolio Manager will source prices from independent third party brokers or dealers for the relevant security, which may be indicative rather than tradable. 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. No Credit Securities were priced by the Portfolio Manager during the year or any previous year. See note 16 for price sensitivity analysis and details of interest rate risk.

(b) Estimated life of Credit Securities

In determining the estimated life of the Credit 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 Credit Securities, as determined by the Portfolio Manager, impacts the effective interest rate of the Credit Securities which in turn impacts the calculation of income as discussed in note 2(h).

(c) Determination of observable inputs

As discussed in note 17, 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.

(d) Revenue recognition

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

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

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

(d) Revenue recognition continued
When calculating the effective interest rate, the Portfolio Manager estimates cash flows considering the expected life of the financial instrument, including future credit losses and deferred interest payments. 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.

Revenue estimations are sensitive to changes in interest income resulting from financial instruments defaulting. Interest income represents management's best estimate having regard to historical volatility and looking forward at the global environment.

4. Earnings per Ordinary Share - Basic & Diluted
The earnings per Ordinary Share - Basic and Diluted of 12.6p (30 September 2020: 5.3p) has been calculated based on the weighted average number of Ordinary Shares of 197,498,485 (30 September 2020: 203,715,622) and a net gain for the year of £24,980,217 (30 September 2020: £10,705,316).

5. Loss on equalisation of new issues/tendered shares repurchased
In order to ensure there were no dilutive effects on earnings per share for current Shareholders when issuing new shares, or when repurchasing tendered shares, earnings/losses have been calculated in respect of the accrued income at the time of purchase of new shares/repurchase of tendered shares and a transfer has been made from share capital to income to reflect this. The transfer for the year amounted to (£225,469) (30 September 2020: £167,556).

6. Net Asset Value per Ordinary Share
The net asset value of each Share of 93.32p (30 September 2020: 86.79p) is determined by dividing the net assets of the Company attributed to the Shares of £178,003,225 (30 September 2020: £192,860,455) by the number of Shares in issue at 30 September 2020 of 190,738,518 (30 September 2020: 222,214,981).

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 (30 September 2020: £1,200). The activities of the Company do not constitute relevant activities as defined by the Income Tax (Substance Requirements) (Implementation) Regulations, 2018 (as amended) and as such the Company was out of scope.

8. Net foreign currency gains/(losses)

	Year ended 30.09.21	Year ended 30.09.20
	£	£
Movement in net unrealised gains/(losses) on forward currency contracts	1,716,924	(3,249,209)
Realised gains on forward currency contracts	1,207,978	262,213
Realised currency gains on receivables/payables	3,033,588	1,519,808
Unrealised currency gains/(losses) on receivables/payables	49,395	(21,363)
	6,007,885	(1,488,551)

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

9. Investments

	As at 30.09.21	As at 30.09.20
	£	£
Financial assets at fair value through profit and loss:		
Unlisted Investments:		
Opening amortised cost	183,628,540	156,072,167
Purchases at cost	57,121,711	84,771,543
Proceeds on sale/principal repayment	(76,971,774)	(59,883,095)
Amortisation adjustment under effective interest rate method	2,105,374	1,119,110
Realised gain on sale/principal repayment	7,016,007	6,547,101
Realised loss on sale/principal repayment	(6,069,162)	(4,998,286)
Closing amortised cost	166,830,696	183,628,540
Unrealised gain on investments	12,676,132	9,511,918
Unrealised loss on investments	(3,854,717)	(7,937,591)
Fair value	175,652,111	185,202,867

	Year ended 30.09.21	Year ended 30.09.20
	£	£
Realised gain on sale/principal repayment	7,016,007	6,547,101
Realised loss on sale/principal repayment	(6,069,162)	(4,998,286)
Increase in unrealised gain	3,164,214	3,932,597
Decrease/(increase) in unrealised loss	4,082,874	(4,620,867)
Net gain on financial assets at fair value through profit or loss	8,193,933	860,545

10. Other receivables

	As at 30.09.21	As at 30.09.20
	£	£
Interest income receivable	2,434,953	2,497,638
Prepaid expenses	36,547	11,564
Dividends receivable	100,915	103,750
	2,572,415	2,612,952

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

11. Other payables

	As at 30.09.21	As at 30.09.20
	£	£
Portfolio management fees payable	246,822	244,649
Administration fees payable	30,897	62,150
AIFM management fees payable	34,280	16,588
Audit fees payable	69,000	60,000
Other expenses payable	54,825	31,974
Depositary fees payable	2,280	2,712
Custody fees payable	3,541	3,148
Share issue costs payable	9,977	-
	451,622	421,221

12. Share Capital

Authorised Share Capital

The Directors may issue an unlimited number of Ordinary Shares at no par value and an unlimited number of Ordinary Shares with a par value.

Issued Share Capital

	As at 30.09.21	As at 30.09.20
	£	£
Ordinary Shares		
Share Capital at the beginning of the year	207,218,537	180,201,379
Issue of shares	4,760,903	27,480,711
Repurchased tendered shares cancelled	(32,472,475)	-
Share issue costs	(54,842)	(295,997)
Income equalisation on new issues	225,469	(167,556)
Total Share Capital at the end of the year	179,677,592	207,218,537

Reconciliation of number of Shares

	30.09.21 Shares	30.09.20 Shares
Ordinary Shares		
Shares at the beginning of the year	222,214,981	185,179,151
Issue of shares	4,900,000	37,035,830
Repurchased tendered shares cancelled	(36,376,463)	-
Total Shares in issue at the end of the year	190,738,518	222,214,981

The Ordinary Shares carry the following rights:

a) the Ordinary Shares carry the right to receive all income of the Company attributable to the Ordinary 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 30 September 2021

12. Share Capital continued

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.

The Company held no shares in Treasury as at 30 September 2021 (30 September 2020: Nil).

13. Analysis of Financial Assets and Liabilities by Measurement Basis as per Statement of Financial Position

	Financial assets at fair value through profit and loss	Amortised Cost	Total
	£	£	£
30 September 2021			
Financial Assets			
Financial assets at fair value through profit and loss			
-Investments			
- Corporate Bonds	112,451,508	-	112,451,508
- Asset backed securities	63,200,603	-	63,200,603
-Derivative assets: Forward currency contracts	47,708	-	47,708
Shares sold receivable	-	486,350	486,350
Amounts due from broker	-	832,810	832,810
Other receivables (excluding prepaid expenses)	-	2,535,868	2,535,868
Cash and cash equivalents	-	2,899,593	2,899,593
	175,699,819	6,754,621	182,454,440

	Financial liabilities at fair value through profit and loss	Amortised Cost	Total
	£	£	£
30 September 2021			
Financial Liabilities			
Amounts due to broker	-	3,107,784	3,107,784
Other payables	-	451,622	451,622
Financial liabilities at fair value through profit and loss			
-Derivative liabilities: Forward currency contracts	928,356	-	928,356
	928,356	3,559,406	4,487,762

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2021

13. Analysis of Financial Assets and Liabilities by Measurement Basis as per Statement of Financial Position continued

	Financial assets at fair value through profit and loss	Amortised Cost	Total
	£	£	£
30 September 2020			
Financial Assets			
Financial assets at fair value through profit and loss			
-Investments			
-Bonds	115,103,485	-	115,103,485
-Asset backed securities	70,099,382	-	70,099,382
-Derivative assets: Forward currency contracts	48,052	-	48,052
Other receivables (excluding prepaid expenses)	-	2,601,388	2,601,388
Cash and cash equivalents	-	11,689,871	11,689,871
	185,250,919	14,291,259	199,542,178

	Financial liabilities at fair value through profit and loss	Amortised Cost	Total
	£	£	£
30 September 2020			
Financial Liabilities			
Amounts due to broker	-	3,626,441	3,626,441
Other payables	-	421,221	421,221
Financial liabilities at fair value through profit and loss			
-Derivative liabilities: Forward currency contracts	2,645,625	-	2,645,625
	2,645,625	4,047,662	6,693,287

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

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 £200,000.

The Directors' fees for the year and the outstanding fees at year end are as follows.

	30.09.21	30.09.20
	£	£
Claire Whittet (Chair of the Board)	44,000	44,000
Christopher Legge (Audit Committee Chairman)	38,500	38,500
Ian Martin (MEC Chairman)	33,500	33,500
Total Directors' fees	116,000	116,000

No Directors' fees were outstanding as at 30 September 2021 (30 September 2020: £Nil).

With the effect from 1 October 2021, the base director fee level will be increased to £35,000 per annum and the MEC Chairman be increased to £37,000 per annum. The Chair of the Board and Audit Committee Chairman remuneration will remain unchanged.

b) Shares held by related parties

The Directors of the Company held the following shares beneficially:

	30.09.21	30.09.20
	Shares	Shares
Claire Whittet	25,000	25,000
Christopher Legge	50,000	50,000
Ian Martin	35,000	35,000

Directors are entitled to receive the dividends on any shares held by them during the year. Dividends declared by the Company are set out in note 19.

As at 30 September 2021, the Portfolio Manager held no Shares (30 September 2020: no Shares) of the Issued Share Capital. Partners and employees of the Portfolio Manager increased their holdings during the year, and held 1,725,691 (30 September 2020: 1,316,909), which is 0.90% (30 September 2020: 0.59%) of the Issued Share Capital.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

14. Related Parties continued

c) Portfolio Manager

The portfolio management fee is payable to the Portfolio Manager, monthly in arrears at a rate of 0.75% per annum of the lower of NAV, 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 £1,361,199 (30 September 2020: £1,311,457) of which £251,935 (30 September 2020: £244,649) is payable at year end. The Portfolio Management Agreement dated 17 February 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 0.175% 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 £12,345 (30 September 2020: £21,190) in commission, which is charged as a cost of issuance.

15. Material Agreements

a) Alternative Investment Fund Manager ("AIFM")

The Company's 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, AIFM fees of £84,448 (30 September 2020: £82,458) were charged to the Company, of which £34,280 (30 September 2020: £16,588) 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 of £75,000 for each year. In addition, an annual fee of £25,000 will be charged for corporate governance and company secretarial services. During the year, administration and secretarial fees of £125,721 (30 September 2020: £122,497) were charged to the Company, of which £30,897 (30 September 2020: £62,150) remained payable at the end of the year.

c) Broker

For its services as the Company's broker, Numis Securities Limited (the "Broker") is entitled to receive a retainer fee of £50,000 per annum and also a commission of 1% on all tap issues. During the year, the Broker received £52,473 (30 September 2020: £274,807) in commission, which is charged as a cost of issuance.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

15. Material Agreements continued

d) Depositary

Depositary's fees are payable to Northern Trust (Guernsey) Limited monthly in arrears at a rate of 0.0175% of the NAV of the Company below £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 of £25,000 for each year. During the year, depositary fees of £29,718 (30 September 2020: £28,825) were charged to the Company, of which £2,280 (30 September 2020: £2,712) remained payable at the end of the year.

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 £19,635 (30 September 2020: £19,543) of which £3,541 (30 September 2020: £3,148) is due and payable at the end of the year.

16. Financial Risk Management

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

The Company's financial instruments include financial assets/liabilities at fair value through profit or loss, cash and cash equivalents, amounts due to/from broker, other receivables and other payables. 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 foreign currency risk, interest rate risk, price risk and reinvestment 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 Credit Securities.

(i) Price risk

The underlying investments comprised in the portfolio are subject to price 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 and mark to model basis. Price 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. The Company's policy is to manage price risk by holding a diversified portfolio of assets, through its investments in Credit Securities.

The Company's policy also stipulates that at purchase no more than 5% of the portfolio value can be exposed to any single Credit Security or issuer of Credit Securities.

The price of a Credit 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).

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2021

16. Financial Risk Management continued

(ii) Reinvestment risk

Reinvestment risk is the risk that future coupons from a bond will not be reinvested at the yield prevailing 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 Credit Securities generally rise and the proceeds of Credit Securities held by the Company that mature or are sold are not able to be reinvested in Credit Securities with a yield comparable to that of the portfolio as a whole. The Company assesses reinvestment risk on at least a monthly basis by calculating the projected amortisation profile of the Company across the next three years. In addition, changes in the Company's yield and income are assessed over the same timeframe as bonds redeem or mature to identify any periods where reinvestment risk may be more significant.

Price sensitivity analysis

The following details the Company's sensitivity to movement in market prices. The analysis is based on a 15%, 10% and 5% (30 September 2020: 15%, 10% and 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 30 September 2021, if the market prices had been 15%, 10% and 5% (30 September 2020: 15%, 10% and 5%) higher with all other variables held constant, the increase in the net assets attributable to equity Shareholders would have been £26,347,817, £17,565,211 and £8,782,606 respectively (30 September 2020: £27,780,430, £18,520,287 and £9,260,143). The total comprehensive income for the year would have also increased by the same amounts. An equal change in the opposite direction would have decreased the net assets attributable to equity Shareholders and total comprehensive income respectively.

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

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

16. Financial Risk Management continued

(iii) Interest rate risk continued

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

	Floating rate	Fixed rate	Non-interest bearing	Total
As at 30 September 2021	£	£	£	£
Investments	53,025,955	122,626,156	-	175,652,111
Derivative assets: Forward currency contracts	-	-	47,708	47,708
Shares sold receivable	-	-	486,350	486,350
Amounts due from broker	-	-	832,810	832,810
Other receivables excluding prepaid expenses	-	-	2,535,868	2,535,868
Cash and cash equivalents	2,899,593	-	-	2,899,593
Derivative liabilities: Forward currency contracts	-	-	(928,356)	(928,356)
Amounts due to broker	-	-	(3,107,784)	(3,107,784)
Other payables	-	-	(451,622)	(451,622)
Net current assets	55,925,548	122,626,156	(585,026)	177,966,678

	Floating rate	Fixed rate	Non-interest bearing	Total
As at 30 September 2020	£	£	£	£
Investments	51,983,628	133,219,239	-	185,202,867
Derivative assets: Forward currency contracts	-	-	48,052	48,052
Other receivables excluding prepaid expenses	-	-	2,601,388	2,601,388
Cash and cash equivalents	11,689,871	-	-	11,689,871
Derivative liabilities: Forward currency contracts	-	-	(2,645,625)	(2,645,625)
Amounts due to broker	-	-	(3,626,441)	(3,626,441)
Other payables	-	-	(421,221)	(421,221)
Net current assets	63,673,499	133,219,239	(4,043,847)	192,848,891

The Company holds fixed rate and floating rate financial instruments which, based on current portfolio duration, have low exposure to fair value interest rate risk as, when the short-term interest rates increase, the interest rate on a floating rate note will increase. The maximum time to re-fix interest rates is six months and therefore the Company has low interest rate risk and, as such it is not deemed necessary to perform sensitivity analysis over interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2021

16. Financial Risk Management continued
(iii) Interest rate risk continued

As at 30 September 2021, 70% of the Company's net current asset position was invested in fixed rate securities, however the overall credit spread duration of the Company was 3.98 years. A credit spread duration of 3.6 indicates that the portfolio's value will rise or fall by 3.6bp should the reference credit spread rise or fall by 1bp. The value of Credit 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 Net Asset Value calculations prepared by the Company's Administrator.

(iv) 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 and its presentational currency is Sterling. Therefore the Statement of Financial Position may be significantly affected by movements in the exchange rate between foreign currencies and Sterling. The Company manages the exposure to currency movements by using spot and forward foreign exchange contracts, rolling forward on a periodic basis.

At year end, the Company had six (30 September 2020: fifteen) open forward currency contracts.

Open forward currency contracts

	Contract values **30.09.21** Currency	Outstanding contracts **30.09.21** £	Mark to market equivalent **30.09.21** £	Unrealised losses **30.09.21** £
Six Sterling forward foreign currency contracts totalling:				
3 EUR forward foreign currency contract	(96,397,751)	(82,662,283)	(82,856,952)	(194,669)
3 USD forward foreign currency contract	(34,664,973)	(25,023,198)	(25,709,177)	(685,979)
				(880,648)

	Contract values **30.09.20** Currency	Outstanding contracts **30.09.20** £	Mark to market equivalent **30.09.20** £	Unrealised losses **30.09.20** £
Fifteen Sterling forward foreign currency contracts totalling:				
10 EUR forward foreign currency contract	(100,752,918)	(89,594,389)	(91,392,024)	(1,797,635)
5 USD forward foreign currency contract	(35,691,474)	(26,807,657)	(27,607,595)	(799,938)
				(2,597,573)

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

16. Financial Risk Management continued

(iv) Foreign currency risk continued

At year end, the Company had nil (30 September 2020: nil) open spot currency contracts.

As at 30 September 2021 and 2020 the Company held the following assets and liabilities denominated in currencies other than Pound Sterling:

	30.09.21	30.09.20
	£	£
EUR		
Investments	81,199,011	91,756,913
Cash and cash equivalents	456,740	281,327
Amounts due from broker and other receivables	1,193,855	1,240,395
Less: Amounts due to broker	-	(1,274,649)
Less: Open forward currency contracts	(82,856,952)	(91,392,024)
USD		
Investments	24,845,474	25,813,608
Cash and cash equivalents	633,095	3,084,558
Amounts due from broker and other receivables	418,292	298,895
Less: Amounts due to broker	(307,784)	(1,771,542)
Less: Open forward currency contracts	(25,709,177)	(27,607,595)
CHF		
Cash and cash equivalents	15,257	16,446
	(112,189)	446,332

The following tables summarise the sensitivity of the Company's assets and liabilities to changes in foreign exchange movements between Euro, US Dollar and Swiss Franc, and the Company functional currency of Sterling as at 30 September 2021 and 2020. 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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

16. Financial Risk Management continued

(iv) Foreign currency risk continued

	30.09.21	30.09.20
	£	£
Impact on Statement of Comprehensive Income and Equity in response to a:		
- 10% (30.09.20: 10%) increase in EUR/GBP	680	(53,048)
- 10% (30.09.20: 10%) decrease in EUR/GBP	(719)	64,346
Impact on Statement of Changes in Equity in response to a:		
- 10% (30.09.20: 10%) increase in EUR/GBP	680	(53,048)
- 10% (30.09.20: 10%) decrease in EUR/GBP	(719)	64,346

	30.09.21	30.09.20
	£	£
Impact on Statement of Comprehensive Income and Equity in response to a:		
- 10% (30.09.20: 10%) increase in USD/GBP	10,916	16,291
- 10% (30.09.20: 10%) decrease in USD/GBP	(12,011)	(18,521)
Impact on Statement of Changes in Equity in response to a:		
- 10% (30.09.20: 10%) increase in USD/GBP	10,916	16,291
- 10% (30.09.20: 10%) decrease in USD/GBP	(12,011)	(18,521)

	30.09.21	30.09.20
	£	£
Impact on Statement of Comprehensive Income and Equity in response to a:		
- 10% (30.09.20: 10%) increase in CHF/GBP	(1,387)	(1,495)
- 10% (30.09.20: 10%) decrease in CHF/GBP	1,525	1,644
Impact on Statement of Changes in Equity in response to a:		
- 10% (30.09.20: 10%) increase in CHF/GBP	(1,387)	(1,495)
- 10% (30.09.20: 10%) decrease in CHF/GBP	1,525	1,644

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

16. Financial Risk Management continued

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 Credit Securities. The Company is also exposed to counterparty credit risk on forwards, cash and cash equivalents, amounts due from brokers and other receivable balances.

The Company's policy is to manage this risk by maintaining a portfolio diversified by issuer. While the prospectus permits no more than 5% of the portfolio value to be invested in any single Credit Security or issuer of Credit Securities, the Portfolio Manager operates to stricter exposures dependent on the credit rating of each single Credit Security or issuer of Credit Securities.

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

	30.09.21	**30.09.20**
A+	1.62%	5.95%
BBB+	0.00%	0.39%
BBB	3.24%	1.65%
BBB-	13.08%	17.58%
BB+	6.11%	6.30%
BB	13.63%	16.90%
BB-	3.82%	7.48%
B+	8.05%	5.29%
B	16.20%	14.95%
B-	12.70%	5.46%
CCC+	2.74%	2.41%
CCC	0.00%	0.00%
CCC-	0.00%	0.00%
CC	0.00%	0.00%
C	0.17%	0.00%
Not Rated*	18.64%	15.64%
	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 Manager has no significant credit concerns with the unrated, or rated, bonds currently held.

The Portfolio Manager has been monitoring the development of the COVID-19 outbreak and has considered the impact it has had to date on the Company, and will continue to have on the future of the Company and the performance of the Portfolio.

To further understand credit risk, the Portfolio Manager undertakes extensive due diligence procedures on investments in Credit Securities and monitors the on-going investment in these securities.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2021

16. Financial Risk Management continued

Credit risk continued

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. The majority of 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 S&P 500. The Northern Trust Corporation has a credit rating of A+ from Standard & Poor's and A2 from Moody's.

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:

	30.09.21	30.09.20
	£	£
Investments	175,652,111	185,202,867
Shares sold receivable	486,350	-
Amounts due from broker	832,810	-
Cash and cash equivalents	2,899,593	11,689,871
Derivative assets: Forward currency contracts	47,708	48,052
Other receivables excluding prepaid expenses	2,535,868	2,601,388
	182,454,440	199,542,178

Investments in Credit 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 Credit 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 Credit Securities may be relatively illiquid and this may limit the ability of the Company to realise its investments for the purposes of cash management such as generating cash for dividend payments to Shareholders or buying back Ordinary Shares under the Quarterly Tenders or in the market. Investments in Credit 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 shall maintain a liquidity management policy to monitor the liquidity risk of the Company.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

16. Financial Risk Management continued

Liquidity risk continued

Shareholders have no right to have their shares redeemed or repurchased by the Company, except as detailed under the Capital Risk Management (Quarterly Tenders) section of this note. Shareholders wishing to release their investment in the Company are therefore required to dispose of their shares on the market.

The following table analyses 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 30 September 2021	**£**	**£**	**£**	**£**
Amounts due to broker	(3,107,784)	-	-	(3,107,784)
Derivative liabilities: Forward currency contracts	-	(928,356)	-	(928,356)
Other payables	(382,622)	(69,000)	-	(451,622)
Total	(3,490,406)	(997,356)	-	(4,487,762)

	Up to 1 month	1-6 months	6-12 months	Total
As at 30 September 2020	**£**	**£**	**£**	**£**
Amounts due to broker	(3,626,441)	-	-	(3,626,441)
Derivative liabilities: Forward currency contracts	-	(2,645,625)	-	(2,645,625)
Other payables	(361,221)	(60,000)	-	(421,221)
Total	(3,987,662)	(2,705,625)	-	(6,693,287)

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. 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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

16. Financial Risk Management continued

Capital risk management continued

(i) Quarterly Tenders

With the objective of minimising the risk of the Ordinary Shares trading at a discount to NAV and to assist in the narrowing of any discount at which the Ordinary Shares may trade from time to time, the Company has incorporated into its structure a mechanism (a "Quarterly Tender"), contingent on certain factors as described below, which can be exercised at the discretion of the Directors, to provide Shareholders with a quarterly opportunity to submit Ordinary Shares for placing or repurchase by the Company at a price representing a discount of no more than 2% to the then prevailing NAV.

Upon confirmation of the number of Tender Requests made in respect of each Quarter Record Date, the Company intends first, through its corporate broker acting on a reasonable endeavours basis, to seek to satisfy Tender Requests by placing the Tendered Shares with investors in the secondary market.

Second, subject to the Tender Restrictions, the Company intends to repurchase for cancellation any Tendered Shares not placed in the secondary market.

It is anticipated that the Company will tender on a quarterly basis for up to 20% of the Ordinary Shares in issue as at the relevant Quarter Record Date, subject to an aggregate limit of 50% of the Ordinary Shares in issue in any twelve month period ending on the relevant Quarter Record Date. If tender requests are in excess of 20%, tenders will be scaled back on a pro-rata basis.

(ii)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.

(iii) Continuation votes

In the event that:

(i) the Dividend Target, as disclosed in note 19, is not met; or

(ii) on any Tender Submission Deadline, applications for the Company to repurchase 50% or more of the Company's issued Ordinary Shares, calculated as at the relevant Quarter Record Date, are received by the Company,

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2021

16. Financial Risk Management continued
Capital risk management continued
A General Meeting will be convened at which the Directors will propose an Ordinary Resolution that the Company should continue as an investment company. If any such Ordinary Resolution is not passed, the Directors shall draw up proposals for the voluntary liquidation, unitisation, reorganisation or reconstruction of the Company for submission to the members of the Company at a General Meeting to be convened by the Directors for a date not more than 6 months after the date of the meeting at which such Ordinary Resolution was not passed.

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).

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value as at 30 September 2021.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Financial assets at fair value				
through profit or loss				
-Investments				
- Corporate Bonds	-	112,451,508	-	112,451,508
-Asset backed securities	-	50,428,986	12,771,617	63,200,603
-Derivative assets: Forward currency				
contracts	-	47,708	-	47,708
Total assets as at 30 September 2021	-	162,928,202	12,771,617	175,699,819
Liabilities				
Financial liabilities at fair value				
through profit or loss				
-Derivative liabilities: Forward currency				
contracts	-	928,356	-	928,356
Total liabilities as at 30 September 2021	-	928,356	-	928,356

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

17. Fair Value Measurement continued

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value as at 30 September 2020.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Financial assets at fair value				
through profit or loss				
-Investments				
-Bonds	-	102,897,118	12,206,367	115,103,485
-Asset backed securities	-	70,099,382	-	70,099,382
-Derivative assets: Forward currency				
contracts	-	48,052	-	48,052
Total assets as at 30 September 2020	-	173,044,552	12,206,367	185,250,919
Liabilities				
Financial liabilities at fair value				
through profit or loss				
-Derivative liabilities: Forward currency				
contracts	-	2,645,625	-	2,645,625
Total liabilities as at 30 September 2020	-	2,645,625	-	2,645,625

Credit 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 Credit Securities held by the Company are classified as level 1.

Credit Securities which are not traded or dealt on organised markets or exchanges are classified in level 2 or level 3. Credit securities priced at cost are classified as level 3. Credit 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. Credit 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 Credit Security, the Portfolio Manager may source prices from third party dealer quotes and if the price represents a reliable and an observable price, the Credit Security is classified in level 2. Any dealer quote that is over 20 days old is considered stale and is classified as level 3.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

17. Fair Value Measurement continued

There were no transfers between levels during the year.

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

The following table presents the movement in level 3 instruments for the year ended 30 September 2021 by class of financial instrument.

	Bonds	**Asset backed securities**	**Total**
30 September 2021	**£**	**£**	**£**
Opening balance	-	12,206,367	12,206,367
Net purchases	-	218,865	218,865
Net realised gain for the year	-	2,164,731	2,164,731
Net unrealised loss for the year	-	(1,818,346)	(1,818,346)
Closing balance	-	12,771,617	12,771,617

The following table presents the movement in level 3 instruments for the year ended 30 September 2020 by class of financial instrument.

	Bonds	**Asset backed securities**	**Total**
30 September 2020	**£**	**£**	**£**
Opening balance	-	7,367,060	7,367,060
Net purchases	-	5,342,385	5,342,385
Net realised loss for the year	-	(2,301,993)	(2,301,993)
Net unrealised gain for the year	-	1,798,915	1,798,915
Closing balance	-	12,206,367	12,206,367

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

17. Fair Value Measurement continued

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 30 September 2021 but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
30 September 2021	**£**	**£**	**£**	**£**
Assets				
Amounts due from broker	-	832,810	-	832,810
Other receivables excluding prepaid expenses	-	2,535,868	-	2,535,868
Cash and cash equivalents	2,899,593	-	-	2,899,593
Total	**2,899,593**	**3,368,678**	**-**	**6,268,271**
Liabilities				
Amounts due to broker	-	3,107,784	-	3,107,784
Other payables	-	451,622	-	451,622
Total	**-**	**3,559,406**	**-**	**3,559,406**

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 30 September 2020 but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
30 September 2020	**£**	**£**	**£**	**£**
Assets				
Other receivables excluding prepaid expenses	-	2,601,388	-	2,601,388
Cash and cash equivalents	11,689,871	-	-	11,689,871
Total	**11,689,871**	**2,601,388**	**-**	**14,291,259**
Liabilities				
Amounts due to broker	-	3,626,441	-	3,626,441
Other payables	-	421,221	-	421,221
Total	**-**	**4,047,662**	**-**	**4,047,662**

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

Cash and cash equivalents include 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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2021

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.

The Company invests in a diversified portfolio of Credit 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.

Revenue earned is reported separately on the face of the Statement of Comprehensive Income as interest income on financial assets at fair value through profit and loss being interest income received from Credit Securities.

19. Dividend Policy

The Board intends to distribute an amount at least equal to the value of the Company's excess income, as defined below, arising each financial year to the holders of Ordinary Shares. However, there is no guarantee that the dividend target of 6.0 pence per Ordinary Share for each financial year will be met or that the Company will make any distributions at all.

Excess income is defined as the distributions made with respect to any income period, which comprise (a) the accrued income of the portfolio for the period (for these purposes, the Company's income will include the interest payable by the Credit Securities in the portfolio and amortisation of any discount or premium to par at which a Credit Security is purchased over its remaining expected life); (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; (c) any relevant expenses less 50% of the portfolio management fees for the period; and (d) any gain/(loss) on the foreign exchange contracts caused by the LIBOR/interest rates benchmarks differentials between each foreign exchange currency pair. This definition differs from the IFRS "net income" definition which also recognises gains and losses on financial assets.

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

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2021

19. Dividend Policy continued
The Company declared the following dividends in respect of the profit for the year ended 30 September 2021:

Period to	Dividend per Share (pence)	Dividend declared (£)	Ex-dividend date	Record date	Pay date
31 October 2020	0.50	1,109,696	12 November 2020	13 November 2020	30 November 2020
30 November 2020	0.50	1,109,696	17 December 2020	18 December 2020	5 January 2021
31 December 2020	0.50	929,193	14 January 2021	15 January 2021	29 January 2021
31 January 2021	0.50	929,193	18 February 2021	19 February 2021	2 March 2021
28 February 2021	0.50	929,193	18 March 2021	19 March 2021	31 March 2021
31 March 2021	0.50	929,193	15 April 2021	16 April 2021	30 April 2021
30 April 2021	0.50	941,193	13 May 2021	14 May 2021	28 May 2021
31 May 2021	0.50	941,193	17 June 2021	18 June 2021	30 June 2021
30 June 2021	0.50	941,193	15 July 2021	16 July 2021	30 July 2021
31 July 2021	0.50	946,193	12 August 2021	13 August 2021	31 August 2021
31 August 2021	0.50	948,693	16 September 2021	17 September 2021	30 September 2021
30 September 2021	1.02	1,956,683	14 October 2021	15 October 2021	29 October 2021

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.

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.

21. Subsequent Events
These Financial Statements were approved for issuance by the Board on 8 December 2021. Subsequent events have been evaluated to this date.

Subsequent to the year end and up to the date of signing of the Annual Report and Audited Financial Statements, the following events took place:

Dividend declarations

Declaration date	Dividend rate per Share (pence)
7 October 2021	1.02
11 November 2021	0.50
8 December 2021	0.50

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2021

21. Subsequent Events continued

Tenders
On 5 October 2021, 29,931 shares were tendered, all of which were placed rather than repurchased by the Company.

On 1 December 2021, the Directors declared that an aggregate of 74,099 Ordinary Shares in respect of Tender Submissions were received by the deadline date of 1 December 2021 for the Tender Quarter Record Date of 31 December 2021.

Share issues
On 1 October 2021, 500,000 new ordinary shares were issued for a total consideration of £485,200 (before costs and expenses).

On 18 October 2021, 1,000,000 new ordinary shares were issued for a total consideration of £954,500 (before costs and expenses).

On 5 November 2021, 500,000 new ordinary shares were issued for a total consideration of £478,200 (before costs and expenses).

On 10 November 2021, 500,000 new ordinary shares were issued for a total consideration of £479,450 (before costs and expenses).

Block listing
On 29 October 2021 a written resolution was passed to issue a Block Listing facility for 28,447,703 ordinary shares.

Other
Mr Paxton was appointed a Director on 1 November 2021.

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

Alternative Performance Measures ("APMS")
In accordance with ESMA Guidelines on Alternative Performance Measures ("APMs") the Board has considered what APMs are included in the Annual Report and Audited Financial Statements which require further clarification. APMs are defined as a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The APMs included in the annual report and accounts, is unaudited and outside the scope of IFRS.

Discount/Premium
If the share price of an investment company is lower than the NAV per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, the shares are said to be trading at a premium.

Dividends Declared
Dividends declared are the dividends that are announced in respect of the current accounting period.

Dividend Yield
Dividend yield is the percentage of dividends declared in respect of the period, divided by the initial share issue price of 100.00 pence.

Dividend Target
The Company maintains an annual minimum dividend target of 6% per share or higher and if it does not meet this target at the end of an accounting year, a Continuation Vote is held for all Shareholders.

Net Asset Value ("NAV")
NAV is the assets attributable to Shareholders expressed as an amount per individual share. NAV is calculated using the accounting standards specified by International Financial Reporting Standards ("IFRS") and consists of total assets, less total liabilities.

NAV per Share
NAV per share is calculated by dividing the total net asset value of £178,003,225 (2020: £192,860,455) by the number of shares at the end of the year of 190,738,518 units (2020: 222,214,981). This produces a NAV per share of 93.32p (2020: 86.79p), which was an increase of 7.52% (2020: decrease of 4.24%).

Ongoing Charges
The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average of the daily net assets during the year (see pages 21 and 22). The Board continues to be conscious of expenses and works hard to maintain a sensible balance between good quality service and cost.

NAV Total Return
NAV Total return is the percentage increase or decrease in NAV, inclusive of dividends paid and reinvested, in the reporting period. It is calculated by adding the increase or decrease in NAV per share with the dividend per share when paid and reinvested back into the NAV, and dividing it by the NAV per share at the start of the period.

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ASSET MANAGEMENT

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