

TwentyFour Income Fund Limited

Interim Management Report and Unaudited Condensed Interim Financial Statements

For period from 1 April 2017 to 30 September 2017



TwentyFour Income Fund Limited

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TwentyFour Income Fund Limited

CORPORATE INFORMATION

Directors

Trevor Ash (Chairman)
Ian Burns
Richard Burwood
Jeannette Etherden

Custodian, Principal Banker and Depositary

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

Registered Office

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Les Banques
St Peter Port
Guernsey, GY1 3QL

Administrator and Company Secretary

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

Alternative Investment Fund Manager ("AIFM")

Maitland Institutional Services Limited
Springfield Lodge
Colchester Road
Chelmsford, CM2 5PW

Broker and Financial Adviser

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

Portfolio Manager

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

Independent Auditor

PricewaterhouseCoopers CI LLP
PO Box 321
Royal Bank Place
1 Gategny Esplanade
St Peter Port
Guernsey, GY1 4ND

UK Legal Advisers to the Company

Eversheds Sutherland (International) LLP
One Wood Street
London, EC2V 7WS

Receiving Agent

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

Guernsey Legal Advisers to the Company

Carey Olsen
Carey House
Les Banques
St Peter Port
Guernsey, GY1 4BZ

Registrars

Computershare Investor Services
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1st Floor
Tudor House
Le Bordage
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Guernsey, GY1 1DB

TwentyFour Income Fund Limited

SUMMARY INFORMATION

The Company

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

Investment Objective and Investment Policy

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

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

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

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

- (i) no more than 20% of the Portfolio value will be backed by collateral in any single country (save that this restriction will not apply to Northern European countries); and
- (ii) no more than 5% of the Portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities; and
- (iii) no more than 10% of the Portfolio value will be exposed in aggregate to instruments not deemed securities for the purposes of FSMA.

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

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

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

TwentyFour Income Fund Limited

SUMMARY INFORMATION Continued

Target Returns

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

Shareholder Information

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

Financial Highlights

	For the period from 01.04.17 to 30.09.17	For the year ended 31.03.17	For the period from 01.04.16 to 30.09.16
Total Net Assets at period/year end	£461,351,150	£452,612,049	£421,430,858
Net Asset Value per share at period/year end	116.56p	114.35p	110.23p
Share price at period/year end	117.75p	119.25p	112.00p
Premium to Net Asset Value at period/year end	1.02%	4.29%	1.61%
Dividends declared in respect of the period/year	3.00p	6.99p	3.00p

As at 15 November 2017, the premium had moved to 2.98%. The estimated NAV per share and mid-market share price stood at 116.52p and 119.99p respectively.

Ongoing Charges

Ongoing charges for the period ended 30 September 2017 have been calculated in accordance with the Association of Investment Companies (the "AIC") recommended methodology. The ongoing charges for the period ended 30 September 2017 were 0.90% (30 September 2016: 0.96%).

* The Issue Price being £1.00. This is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target return should not be taken as an indication of the Company's expected or actual current or future results. The Company's actual return will depend upon a number of factors, including the number of Ordinary Shares outstanding and the Company's total expense ratio. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to invest in or retain or increase their investment in the Company. Further details on the Company's financial risk management can be found in note 16 of the Company's Annual Financial Statements for the year ended 31 March 2017, which can be found on the Company's website (www.twentyfourincomefund.com).

TwentyFour Income Fund Limited

CHAIRMAN'S STATEMENT

for the period from 1 April 2017 to 30 September 2017

I am pleased to present my report on the Company's progress for the six month period ending 30 September 2017.

For the majority of the period the Company's shares continued to trade at a premium, as they had done since launch, with the average premium during the period being 3.05%. However this narrowed during the second quarter, trading briefly at a discount in September, before rallying back to a 1% premium at the end of the period. The Board is willing to continue to authorise the issuance of further shares as a premium management mechanism, whilst the Portfolio Manager can confirm that attractive investment opportunities are available in the market. It should be noted that during the 6 months to 30 September 2017, no new shares were issued, despite the shares trading up to, and above, a 5% premium, reflecting the Manager's view that the opportunity to acquire assets on an accretive basis to the portfolio, did not exist.

The Net Asset Value ("NAV") total return on the shares from launch to 30 September 2017 was 50.18% (including dividends paid). The NAV per Share rose 5.55% (including dividends paid) during the period, and the income component of the return to investors remained strong as the Company declared two dividends of 1.5p per share, to cover the pro-rata minimum annual distribution of 6p per share, with a third dividend of 1.5p and a final dividend covering all excess returns per share in respect of the year expected to be paid in the second half of the Company's financial year.

The NAV performance of the Company has been pleasingly consistent over the past six months, benefitting from the strong fundamental performance across the markets the Company invests in, stable ratings, and the strong technical support provided by the mismatch between demand and supply.

In addition the recent speculation around central bank policy at the Federal Reserve Bank (the "Fed"), European Central Bank ("ECB") and Bank of England has been of interest, highlighting the stability provided by the floating rate nature of the portfolio. While it is unlikely that we will see a significant number of rate rises in the next 12 months, we will see some direct benefit through LIBOR reacting to changes in the Bank of England Base Rate, and in the meantime we have avoided a significant amount of the NAV volatility that fixed rate securities have suffered via interest rate duration.

The ongoing investment opportunity remains attractive, particularly in light of the lower yield environment in most comparable asset classes. While risks to market sentiment do exist, these appear largely to be external to the European Asset Backed Securities ("ABS") market, and as we have seen before, when they become significant enough to push volatility into the ABS market this tends to be short-lived and the Company's NAV typically enjoys a strong recovery. I remain confident of the Company's ability to fulfil its objectives.

Trevor Ash
Chairman
15 November 2017

TwentyFour Income Fund Limited

PORTFOLIO MANAGER'S REPORT

for the period from 1 April 2017 to 30 September 2017

Market Commentary

The six month period to 30 September 2017 was largely benign in terms of performance, characterised by low relative levels of volatility, and consistent NAV appreciation. During the period the Company's NAV per Share increased 2.21p while the Share Price decreased by 1.50p, and dividends for the period totalled 3p.

Throughout the period most markets have principally been focussed on politics, central banks and market technicals. The trend of populist politics has been at the forefront of the mind since mid-2016 with the Brexit referendum and then the US presidential election. As the period opened, elections had been held in the Netherlands, and while the potential for a far-right government was avoided, the subsequent elections in France saw a greater chance of a victory for Marine Le Pen's Front National. Again the result was favourable for markets, but the uncertainty caused by such events certainly dominated the headlines and the minds of investors. In contrast the snap election in the UK did not bring the result expected at the start, and the precarious nature of the Conservative Party's hold on power, plus the infighting within the party, will continue to create headlines.

Political events were not limited to electoral risk however; Brexit negotiations started following the triggering of Article 50 in March, and progress during the six months in question was slow enough to force Prime Minister May to attempt to reset the tone with her speech in Florence at the end of the period. On a more global basis the ongoing issues of the Trump administration have covered, but not been limited to, Russian interference in the election, the sacking of the head of the FBI, the inability to pass any major legislation, significant turnover in senior personnel at the White House and the escalating conflict with North Korea over its nuclear missile capability.

Central bank policy has also been a material driver of some markets over the period, principally driven by changing expectations around the tightening of monetary policy and the reduction of stimulus measures. The coordinated global recovery, low levels of unemployment and bullish markets have pushed the Fed to raise rates and start shrinking the size of their balance sheet, and the clear expectation at the end of the period is that the Bank of England and the ECB will follow suit by raising rates and tapering Quantitative Easing respectively. The expectation, driven by the rhetoric coming out of the central banks, has created significant volatility across sovereign and corporate bond markets as yield curves have moved in response.

During the first quarter of the calendar year the European ABS market had been characterised by low new issuance volumes of non-AAA rated paper. This lack of supply continued and has been the main driver of market performance over the period, as demand materially outweighed supply, and this became a theme for the six month period in question. This technical strength has been supported by strong performance of the underlying assets that the investments are backed by, which has consistently led to stable or upgraded ratings across the majority of sectors the Company is exposed to. This strong demand and excellent fundamentals have allowed investors to look past the political risk and central bank noise. This appetite for European ABS drove the primary market to surprising levels of issuance through an abnormally busy July and even into the first half of August. The secondary market has been characterised by good liquidity and material competition for bonds.

TwentyFour Income Fund Limited

PORTFOLIO MANAGER'S REPORT Continued

for the period from 1 April 2017 to 30 September 2017

Market Outlook

Sentiment in the ABS market is clearly bullish, and the expectation is for performance to continue in this manner for the rest of 2017. On a long term basis, additional support will come with the adoption of standardised requirements for high quality transactions that will attract in the current lower capital weightings of institutional investors, thus increasing demand.

The ABS market is expecting that there will be more supply going forward as schemes such as the ECB's ABS Purchase Programme tapers, and as the Bank of England's Term Funding Scheme comes to an end, which will partly offset the additional appetite for bonds.

Brexit negotiations have disappointed so far, and while Brexit itself is not going to be positive for the UK over the short to medium term, it is highly unlikely that it will create the degree of fundamental issues that will have investors questioning whether most UK ABS deals can pay coupons or will ultimately redeem principal at par. It is important to remember that these deals performed largely as expected through the global financial crisis, which saw material spikes in unemployment and drops in asset values.

However the ABS market does not operate entirely in isolation, and while the presence of external risk events, such as the elections in France, have lessened, the Portfolio Manager continues to monitor the most likely causes of wider market volatility for any signs of contamination.

Foreign Exchange Accounting

The Company's policy is to hedge foreign exchange risk. During the six month period, the Company held Euro and Sterling denominated assets and while the EUR/GBP exchange rate finished 3.3% higher at the end of the period, the exchange rate was relatively volatile and experienced moves in the range of 11.2% during the six months.

Currency risk is hedged using "rolling forwards" with a one month maturity, selling forward a notional amount equivalent to the market value of the assets. Any movements in foreign exchange rates are monitored daily and the hedge is adjusted when necessary to ensure that currency exposure remains within strict limits. The Company operates to a tolerance of +/-0.50% exposure to the NAV on each non-GBP currency. The Company has significant exposure to Euro assets, representing 62% of the Investment Portfolio at the end of the period, and which remained fully hedged within these tolerances during this time. Foreign Exchange hedging is used to manage the portfolio's currency risk efficiently and not to enhance investment returns.

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

TwentyFour Asset Management
15 November 2017

TwentyFour Income Fund Limited

TOP TWENTY HOLDINGS

As at 30 September 2017

Security	Nominal/ Shares	Asset Backed Security Sector	Fair Value £	Percentage of Net Asset Value
SCGC 2015-1 E	15,000,000	Consumer ABS	14,734,733	3.19
CBFLU 1 MEZZ	14,000,000	Buy-to-Let RMBS	14,070,000	3.05
TPMF 2017-A11X A1	11,076,404	Buy-to-Let RMBS	11,100,440	2.41
INTS 3 C	12,450,000	Prime RMBS	10,741,084	2.33
WARW 1 E	10,500,000	Non-Conforming RMBS	10,399,515	2.25
WARW 2 E	9,250,000	Non-Conforming RMBS	9,182,690	1.99
TPMF 2016-GR1X E	9,000,000	Prime RMBS	9,155,430	1.98
WARW 1 D	8,200,000	Non-Conforming RMBS	8,152,440	1.77
H LAE 2016-1X E	8,900,000	Leveraged Loan CLO	8,010,812	1.74
PARGN 15X CB	10,000,000	Buy-to-Let RMBS	7,527,256	1.63
SCGC 2016-1 E	7,500,000	Consumer ABS	7,290,116	1.58
ALME 3X FRNE	7,500,000	Leveraged Loan CLO	6,632,044	1.44
DRYD 2017-27X E	7,500,000	Leveraged Loan CLO	6,613,073	1.43
RMACS 2006-NS3X B1C	8,792,084	Non-Conforming RMBS	6,552,250	1.42
AVOCA 16X E	7,250,000	Leveraged Loan CLO	6,509,089	1.41
RMS 28 E	6,250,000	Non-Conforming RMBS	6,402,271	1.39
CASSA 2007-1 B	7,500,000	Prime RMBS	6,223,964	1.35
AURUS 2017-1 G	7,000,000	Consumer ABS	6,218,778	1.35
STNLT 2017-1 A	6,125,277	Non-Conforming RMBS	6,177,342	1.34
DRYD 2015-44X F	6,800,000	Leveraged Loan CLO	6,090,790	1.32

TwentyFour Income Fund Limited

BOARD MEMBERS

Biographical details of the Directors are as follows:

Trevor Ash - (Chairman) (age 71)

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

Ian Burns - (Non-executive Director and Chairman of the Audit Committee) (age 58)

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

Richard Burwood - (Non-executive Director) (age 50)

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

Jeannette (Jan) Etherden - (Non-executive Director) (age 57)

Ms Etherden is a resident of the United Kingdom, with over 30 years' experience in the investment industry as an analyst, a fund manager, then a non-executive director. Previously head of UK equities for Confederation Life / Sun Life of Canada, she joined Newton in 1996 as a director specialising in multi-asset segregated portfolios and was also their Investment COO from 1999 to 2001. Subsequently she worked with Olympus Capital Management as business development manager for specialist hedge fund product. She is a director of Miton UK MicroCap Trust plc and of LXI REIT plc. Ms Etherden was appointed to the Board on 17 January 2013.

TwentyFour Income Fund Limited

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

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

The principal risks and uncertainties assessed by the Board relating to the Company were disclosed in the Annual Report and Audited Financial Statements for the year ended 31 March 2017. The principal risks disclosed can be divided into the various areas as follows:

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

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

Related Parties

Related party balances and transactions are disclosed in note 13 of these unaudited condensed interim financial statements.

Going Concern

Under the 2016 UK Corporate Governance Code (effective for periods beginning on or after 17 June 2016) and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern and to identify any material uncertainties to the Company's ability to continue as a going concern for at least 12 months from the date of approving the financial statements.

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

TwentyFour Income Fund Limited

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- these Unaudited Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by DTR 4.2.4R.
- the interim management report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the period from 1 April 2017 to 30 September 2017 and their impact on the Unaudited Condensed Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place during the period from 1 April 2017 to 30 September 2017 and that have materially affected the financial position or performance of the Company during that period as included in note 13.

By order of the Board

Trevor Ash
Chairman
15 November 2017

Ian Burns
Director

TwentyFour Income Fund Limited

INDEPENDENT REVIEW REPORT

TO TWENTYFOUR INCOME FUND LIMITED

Our conclusion

We have reviewed the accompanying condensed interim financial information of TwentyFour Income Fund Limited (the "Company") as of 30 September 2017. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The accompanying condensed interim financial information comprise:

- the condensed interim statement of financial position as of 30 September 2017;
- the condensed statement of comprehensive income for the six month period then ended;
- the condensed statement of changes in equity for the six month period then ended;
- the condensed statement of cash flows for the six month period then ended; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

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

Our responsibilities and those of the directors

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

Our responsibility is to express a conclusion on this condensed interim financial information based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

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

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

TwentyFour Income Fund Limited

INDEPENDENT REVIEW REPORT Continued

TO TWENTYFOUR INCOME FUND LIMITED

Scope of review (continued)

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers CI LLP

Chartered Accountants

Guernsey, Channel Islands

15 November 2017

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

TwentyFour Income Fund Limited

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 April 2017 to 30 September 2017

	Note	For the period from 01.04.17 to 30.09.17 £	For the period from 01.04.16 to 30.09.16 £
Income		(Unaudited)	(Unaudited)
Interest income		14,398,886	12,181,289
Net foreign currency losses	7	(8,115,300)	(17,904,777)
Net gains on financial assets at fair value through profit or loss	8	20,309,231	34,804,266
Total income		26,592,817	29,080,778
Portfolio management fees	13	(1,696,608)	(1,361,602)
Directors' fees	13	(63,750)	(63,750)
Administration and secretarial fees	14	(117,910)	(100,161)
Audit fees		(25,850)	(26,675)
Custody fees	14	(22,621)	(19,929)
Broker fees		(17,679)	(25,079)
AIFM management fees	14	(82,823)	(70,835)
Depositary fees	14	(32,017)	(26,485)
Other expenses		(1,473)	(80,319)
Total expenses		(2,060,731)	(1,774,835)
Total comprehensive income for the period		24,532,086	27,305,943
Earnings per Ordinary Redeemable Share - Basic & Diluted	3	0.062	0.081

All items in the above statement derive from continuing operations.

The notes on pages 18 to 31 form an integral part of these Unaudited Condensed Interim Financial Statements.

TwentyFour Income Fund Limited

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

as at 30 September 2017

Assets	Note	30.09.2017 £ (Unaudited)	31.03.2017 £ (Audited)
Current assets			
Financial assets at fair value through profit and loss			
- Investments	8	455,120,234	429,399,068
- Derivative assets: Forward currency contracts	16	21,753	4,173,555
Amounts due from broker		5,536,624	6,117,241
Other receivables	9	2,773,685	3,177,504
Cash and cash equivalents		20,317,932	24,561,068
Total current assets		483,770,228	467,428,436
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit and loss			
- Derivative liabilities: Forward currency contracts	16	116,766	163,495
Amounts due to brokers		21,258,238	14,072,249
Other payables	10	1,044,074	580,643
Total liabilities		22,419,078	14,816,387
Net current assets		461,351,150	452,612,049
Equity			
Share capital account	11	407,509,059	407,509,059
Retained earnings		53,842,091	45,102,990
Total equity		461,351,150	452,612,049
Ordinary Redeemable Shares in issue	11	395,814,151	395,814,151
Net Asset Value per Ordinary Redeemable Share (pence)	5	116.56	114.35

The Financial Statements on pages 14 to 31 were approved by the Board of Directors on 15 November 2017 and signed on its behalf by:

The notes on pages 18 to 31 form an integral part of these Unaudited Condensed Interim Financial Statements.

Trevor Ash
Chairman

Ian Burns
Director

TwentyFour Income Fund Limited

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

for the period from 1 April 2017 to 30 September 2017

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

	Note	Share capital account £	Retained earnings £	Total £
Balances at 1 April 2016		327,589,440	5,821,364	333,410,804
Issue of shares		66,742,970	-	66,742,970
Share issue costs		(1,062,805)	-	(1,062,805)
Distributions paid		-	(4,966,054)	(4,966,054)
Income equalisation on new issues	4	(678,835)	678,835	-
Total comprehensive gain for the period		-	27,305,943	27,305,943
Balances at 30 September 2016 (unaudited)		392,590,770	28,840,088	421,430,858

The notes on pages 18 to 31 form an integral part of these Unaudited Condensed Interim Financial Statements.

TwentyFour Income Fund Limited

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

for the period from 1 April 2017 to 30 September 2017

	Note	For the period from 01.04.17 to 30.09.17 £ (Unaudited)	For the period from 01.04.16 to 30.09.16 £ (Unaudited)
Cash flows from operating activities			
Total comprehensive income for the period		24,532,086	27,305,943
Adjustments for:			
Net gain on investments	8	(20,309,231)	(34,804,266)
Amortisation adjustment under effective interest rate method	8	(4,532,307)	(5,648,835)
Decrease/(increase) in other receivables		403,819	(337,235)
Increase/(decrease) other payables		463,431	(157,260)
Unrealised losses/(gains) on forward currency contracts	7	4,105,073	(345,300)
Increase in margin account		-	(1,380,000)
Purchase of investments		(209,928,866)	(140,841,760)
Sale of investments		216,815,844	129,462,899
Net cash generated from/(used in) operating activities		<u>11,549,849</u>	<u>(26,745,814)</u>
Cash flows from financing activities			
Proceeds from issue of Ordinary Redeemable Shares		-	63,936,720
Share issue costs		-	(1,001,778)
Dividend distribution		(15,792,985)	(12,487,646)
Net cash (outflow)/inflow from financing activities		<u>(15,792,985)</u>	<u>50,447,296</u>
(Decrease)/increase in cash and cash equivalents		<u>(4,243,136)</u>	<u>23,701,482</u>
Cash and cash equivalents at beginning of the period		<u>24,561,068</u>	<u>4,913,606</u>
Cash and cash equivalents at end of the period		<u><u>20,317,932</u></u>	<u><u>28,615,088</u></u>

The notes on pages 18 to 31 form an integral part of these Unaudited Condensed Interim Financial Statements.

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

for the period from 1 April 2017 to 30 September 2017

1. General Information

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

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

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

2. Principal Accounting Policies

a) Statement of compliance

The Unaudited Condensed Interim Financial Statements for the period 1 April 2017 to 30 September 2017 have been prepared on a going concern basis in accordance with IAS 34 "Interim Financial Reporting", the Disclosure Guidance and Transparency Rules Sourcebook of the United Kingdom's Financial Conduct Authority ("FCA") and applicable legal and regulatory requirements.

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 March 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and which received an unqualified auditor's report.

b) Changes in accounting policy

In the current financial period, there have been no changes to the accounting policies from those applied in the most recent audited annual financial statements.

c) Significant judgements and estimates

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

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

The following standards, interpretations and amendments, which have not been applied in these Unaudited Condensed Interim Financial Statements, were in issue but not yet effective:

- IFRS 9 Financial Instruments (Effective 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (Effective 1 January 2018)

The Directors anticipate that the adoption of IFRS 15 effective in a future period will not have a material impact on the financial statements of the Company. The Company is currently evaluating the potential effect of IFRS 9.

3. Earnings per Ordinary Redeemable Share - Basic & Diluted

The earnings per Ordinary Redeemable Share - Basic and Diluted has been calculated based on the weighted average number of Ordinary Redeemable Shares of 395,814,151 (30 September 2016: 336,678,999) and a net gain of £24,532,086 (30 September 2016: net gain of £27,305,943).

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2017 to 30 September 2017

4. Income equalisation on new issues

In order to ensure there are no dilutive effects on earnings per share for current shareholders when issuing new shares, earnings are calculated in respect of accrued income at the time of purchase and a transfer is made from share capital to income to reflect this. The transfer for the period is £Nil as there were no share issues (30 September 2016: £678,835).

5. Net Asset Value per Ordinary Redeemable Share

The net asset value of each Share of £1.17 (31 March 2017: £1.14) is determined by dividing the net assets of the Company attributed to the Shares of £461,351,150 (31 March 2017: £452,612,049) by the number of Shares in issue at 30 September 2017 of 395,814,151 (31 March 2017: 395,814,151).

6. Taxation

The Company has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability for Guernsey taxation is limited to an annual fee of £1,200 (2016: £1,200).

7. Net foreign currency losses

	For the period from 01.04.17 to 30.09.17 £ (Unaudited)	For the period from 01.04.16 to 30.09.16 £ (Unaudited)
Movement on unrealised (loss)/gain on forward currency contracts	(4,105,073)	345,300
Realised loss on foreign currency contracts	(3,906,430)	(18,226,373)
Unrealised foreign currency loss on receivables/payables	(75,394)	(25,515)
Unrealised foreign currency exchange (loss)/gain on interest receivable	(28,403)	1,811
	<u>(8,115,300)</u>	<u>(17,904,777)</u>

8. Investments

	For the period from 01.04.17 to 30.09.17 £ (Unaudited)	01.04.16 to 31.03.17 £ (Audited)
Financial assets at fair value through profit or loss:		
Unlisted Investments:		
Opening book cost	400,893,973	339,411,981
Purchases at cost	217,114,855	316,045,880
Proceeds on sale/principal repayment	(216,235,227)	(277,600,058)
Amortisation adjustment under effective interest rate method	4,532,307	10,247,547
Realised gains on sale/principal repayment	22,861,967	21,558,885
Realised losses on sale/principal repayment	(6,857,786)	(8,770,262)
Closing book cost	422,310,089	400,893,973
Unrealised gain on investments	39,356,210	31,105,493
Unrealised loss on investments	(6,546,065)	(2,600,398)
Fair value	<u>455,120,234</u>	<u>429,399,068</u>

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

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2017 to 30 September 2017

8. Investments (continued)

	For the period from 01.04.17 to 30.09.17 £ (Unaudited)	For the period from 01.04.16 to 30.09.16 £ (Unaudited)
Realised gains on sale/principal repayment	22,861,967	7,053,229
Realised losses on sales/principal repayment	(6,857,786)	(5,012,449)
Increase in unrealised gain	8,250,717	23,624,711
(Increase)/decrease in unrealised loss	(3,945,667)	9,138,775
	<u>20,309,231</u>	<u>34,804,266</u>
Net gains on financial assets at fair value through profit or loss		

9. Other receivables

	As at 30.09.17 £ (Unaudited)	As at 31.03.17 £ (Audited)
Coupon interest receivable	2,751,109	3,174,960
Prepaid expenses	22,576	2,544
	<u>2,773,685</u>	<u>3,177,504</u>

10. Other payables

	As at 30.09.17 £ (Unaudited)	As at 31.03.17 £ (Audited)
Portfolio Management fees payable	851,872	284,428
Custody fee payable	2,742	2,424
Administration and secretarial fees payable	59,672	58,314
Directors' fee payable	31,526	31,526
Audit fee payable	25,850	51,700
AIFM Management fee payable	37,157	36,751
Depository fees payable	5,162	5,413
General expenses payable	30,093	110,087
	<u>1,044,074</u>	<u>580,643</u>

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2017 to 30 September 2017

11. Share Capital

Authorised Share Capital

Unlimited number of Ordinary Redeemable Shares at no par value.

Issued Share Capital

	As at 30.09.17	As at 31.03.17
	£	£
Ordinary Redeemable Shares	(Unaudited)	(Audited)
Share Capital at the beginning of the period/year	407,509,059	327,589,440
Issued Share Capital	-	81,941,170
Share issue costs	-	(1,293,088)
Shares issued for repurchase	-	43,083,300
Purchase of own shares to hold in treasury	-	(43,083,300)
Income equalisation on new issues	-	(728,463)
Total Share Capital at the end of the period/year	<u>407,509,059</u>	<u>407,509,059</u>
	As at 30.09.17	As at 31.03.17
	Shares	Shares
Ordinary Redeemable Shares	(Unaudited)	(Audited)
Shares at the beginning of the period/year	395,814,151	321,420,417
Issue of Shares	-	74,393,734
Shares issued for repurchase	-	39,000,000
Repurchase of own shares to hold in treasury	-	(39,000,000)
Total Shares in issue at the end of the period/year	<u>395,814,151</u>	<u>395,814,151</u>
	As at 30.09.17	As at 31.03.17
	Shares	Shares
Treasury Shares	(Unaudited)	(Audited)
Treasury shares at the beginning of the period/year	39,000,000	-
Purchased shares	-	39,000,000
Total Shares in issue at the end of the period/year	<u>39,000,000</u>	<u>39,000,000</u>

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2017 to 30 September 2017

11. Share Capital (continued)

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

As at 30 September 2017, one share class has been issued, being the Ordinary Redeemable Shares of the Company.

The Ordinary Redeemable Shares carry the following rights:

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

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

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

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

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

Shares held in Treasury are excluded from calculations when determining Earnings per Ordinary Redeemable Share or Net Asset Value per Ordinary Redeemable Share, as detailed in notes 3 and 5.

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2017 to 30 September 2017

12. Analysis of Financial Assets and Liabilities by Measurement Basis

	Assets at fair value through profit and loss £	Loans and receivables £	Total £
30 September 2017 (Unaudited)			
Financial Assets as per Statement of Financial Position			
Financial assets at fair value through profit or loss:			
- Investments	455,120,234	-	455,120,234
- Derivative assets: Forward currency contracts	21,753	-	21,753
Amounts due from broker	-	5,536,624	5,536,624
Other receivables	-	2,773,685	2,773,685
Cash and cash equivalents	-	20,317,932	20,317,932
	<u>455,141,987</u>	<u>28,628,241</u>	<u>483,770,228</u>

	Liabilities at fair value through profit and loss £	Other financial liabilities £	Total £
Financial Liabilities as per Statement of Financial Position			
Financial liabilities at fair value through profit or loss:			
- Derivative liabilities: Forward currency contracts	116,766	-	116,766
Amounts due to brokers	-	21,258,238	21,258,238
Other payables	-	1,044,074	1,044,074
	<u>116,766</u>	<u>22,302,312</u>	<u>22,419,078</u>

	Assets at fair value through profit and loss £	Loans and receivables £	Total £
31 March 2017 (Audited)			
Financial Assets as per Statement of Financial Position			
Financial assets at fair value through profit or loss:			
- Investments	429,399,068	-	429,399,068
- Derivative assets: Forward currency contracts	4,173,555	-	4,173,555
Amounts due from broker	-	6,117,241	6,117,241
Other receivables	-	3,177,504	3,177,504
Cash and cash equivalents	-	24,561,068	24,561,068
	<u>433,572,623</u>	<u>33,855,813</u>	<u>467,428,436</u>

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2017 to 30 September 2017

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

	Liabilities at fair value through profit and loss £	Other financial liabilities £	Total £
Financial Liabilities as per Statement of Financial Position			
Financial liabilities at fair value through profit or loss:			
- Derivative liabilities: Forward currency contracts	163,495	-	163,495
Amounts due to brokers	-	14,072,249	14,072,249
Other payables	-	580,643	580,643
	<u>163,495</u>	<u>14,652,892</u>	<u>14,816,387</u>

13. Related Parties

a) Directors' Remuneration & Expenses

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

The annual Directors' fees comprise £35,000 payable to Mr Ash, the Chairman, £32,500 to Mr Burns as Chairman of the Audit Committee and £30,000 to Mr Burwood and Ms Etherden. During the period ended 30 September 2017, Directors fees of £63,750 (30 September 2016: £63,750) were charged to the Company, of which £31,526 (31 March 2017: £31,526) remained payable at the end of the period.

b) Shares held by related parties

As at 30 September 2017, Directors of the Company held the following shares beneficially:

	Number of Shares 30.09.17	Number of Shares 31.03.17
Trevor Ash	50,000	50,000
Ian Burns	29,242	29,242
Richard Burwood	5,000	5,000
Jeannette Etherden	25,000	25,000

As at 30 September 2017, the Portfolio Manager held Nil Shares (31 March 2017: Nil Shares) and partners and employees of the Portfolio Manager held 1,979,390 Shares (31 March 2017: 1,266,377 Shares), which is 0.50% (31 March 2017: 0.32%) of the Issued Share Capital.

c) Portfolio Manager

The portfolio management fee is payable to the Portfolio Manager, TwentyFour Asset Management LLP, monthly in arrears at a rate of 0.75% per annum of the lower of Net Asset Value, which is calculated weekly on each valuation day, or market capitalisation of each class of shares. Total portfolio management fees for the period amounted to £1,696,608 (30 September 2016: £1,361,602) of which £851,872 (31 March 2017: £284,428) is due and payable at the period end. The Portfolio Management Agreement dated 29 May 2014 remains in force until determined by the Company or the Portfolio Manager giving the other party not less than twelve months' notice in writing. Under certain circumstances, the Company or the Portfolio Manager is entitled to immediately terminate the agreement in writing.

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2017 to 30 September 2017

13. Related Parties (continued)

c) Portfolio Manager (continued)

The Portfolio Manager is also entitled to a commission of 0.15% of the aggregate gross offering proceeds plus any applicable VAT in relation to any issue of new Shares, following admission, in consideration of marketing services that it provides to the Company. During the period, the Portfolio Manager received £Nil (30 September 2016: £113,692) in commission.

14. Material Agreements

a) Alternative Investment Fund Manager

The Company's Alternative Investment Fund Manager (the "AIFM") is Maitland Institutional Services Limited. In consideration for the services provided by the AIFM under the AIFM Agreement the AIFM is entitled to receive from the Company a minimum fee of £20,000 per annum and fees payable quarterly in arrears at a rate of 0.07% of the Net Asset Value of the Company below £50 million, 0.05% on Net Assets between £50 million and £100 million and 0.03% on Net Assets in excess of £100 million. During the period ended 30 September 2017, AIFM fees of £82,823 (30 September 2016: £70,835) were charged to the Company, of which £37,157 (31 March 2017: £36,751) remained payable at the end of the period.

b) Administrator and Secretary

Administration fees are payable to Northern Trust International Fund Administration Services (Guernsey) Limited monthly in arrears at a rate of 0.06% of the Net Asset Value of the Company below £100 million, 0.05% on Net Assets between £100 million and £200 million and 0.04% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum £75,000 each year. In addition, an annual fee of £25,000 will be charged for corporate governance and company secretarial services. Total administration and secretarial fees for the period amounted to £117,910 (30 September 2016: £100,161) of which £59,672 (31 March 2017: £58,314) is due and payable at the period end.

c) Depositary

Depositary fees are payable to Northern Trust (Guernsey) Limited, monthly in arrears, at a rate of 0.0175% of the Net Asset Value of the Company up to £100 million, 0.0150% on Net Assets between £100 million and £200 million and 0.0125% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum £25,000 each year. Total depositary fees and charges for the period amounted to £32,017 (30 September 2016: £26,485) of which £5,162 (31 March 2017: £5,413) is due and payable at the period end.

The Depositary is also entitled to a Global Custody fee of a minimum of £8,500 per annum plus transaction fees. Total Global Custody fees and charges for the period amounted to £22,621 (30 September 2016: £19,929) of which £2,742 (31 March 2017: £2,424) is due and payable at the period end.

15. Financial Risk Management

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

These Unaudited Condensed Interim Financial Statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements for the year ended 31 March 2017.

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2017 to 30 September 2017

16. Fair Value Measurement

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

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

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

The following tables analyse within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value for the period and year ended 30 September 2017 and 31 March 2017.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Assets				
Financial assets at fair value through profit or loss:				
Asset Backed Securities:				
<i>Buy-to-Let RMBS</i>	-	45,595,761	3,500,000	49,095,761
<i>CMBS</i>	-	5,709,080	-	5,709,080
<i>Consumer ABS</i>	-	34,196,710	3,541,833	37,738,543
<i>Leveraged Loan CLO</i>	-	145,320,127	18,620,764	163,940,891
<i>Non-Conforming RMBS</i>	-	107,881,465	24,475,870	132,357,335
<i>Prime RMBS</i>	-	54,281,152	11,196,022	65,477,174
<i>Student Loans</i>	-	801,450	-	801,450
<i>Forward currency contracts</i>	-	21,753	-	21,753
Total assets as at 30 September 2017	-	393,807,498	61,334,489	455,141,987
Liabilities				
Financial liabilities at fair value through profit or loss:				
Forward currency contracts	-	116,766	-	116,766
Total liabilities as at 30 September 2017	-	116,766	-	116,766

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2017 to 30 September 2017

16. Fair Value Measurement (continued)

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets	(Audited)	(Audited)	(Audited)	(Audited)
Financial assets at fair value through profit or loss:				
Asset Backed Securities:				
<i>Buy-to-Let RMBS</i>	-	26,151,150	3,521,770	29,672,920
<i>CMBS</i>	-	6,380,449	-	6,380,449
<i>Consumer ABS</i>	-	17,381,807	19,375,719	36,757,526
<i>Leveraged Loan CLO</i>	-	142,981,296	11,236,233	154,217,529
<i>Non-Conforming RMBS</i>	-	115,564,375	3,800,826	119,365,201
<i>Prime RMBS</i>	-	80,760,181	1,411,834	82,172,015
<i>Student Loans</i>	-	833,428	-	833,428
<i>Forward currency contracts</i>	-	4,173,555	-	4,173,555
Total assets as at 31 March 2017	-	394,226,241	39,346,382	433,572,623
Liabilities				
Financial liabilities at fair value through profit or loss:				
Forward currency contracts	-	163,495	-	163,495
Total liabilities as at 31 March 2017	-	163,495	-	163,495

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

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

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

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2017 to 30 September 2017

16. Fair Value Measurement (continued)

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

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

The following tables present the movement in level 3 instruments for the periods ended 30 September 2017 and 31 March 2017 by class of financial instrument.

	Opening balance	Net Purchases /(sales)	Net realised gain/(loss) for the period included in the Statement of Comprehensive Income for level 3 Investments held at 30 September 2017	Net unrealised gain/(loss) for the period included in the Statement of Comprehensive Income for level 3 Investments held at 30 September 2017	Transfer into Level 3	Transfer out Level 3	Closing balance
	£	£	£	£	£	£	£
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Buy-to-Let RMBS</i>	3,521,770	-	1,392	(23,162)	-	-	3,500,000
<i>Consumer ABS</i>	19,375,719	(8,404,474)	941,314	(213,945)	-	(8,156,781)	3,541,833
<i>Leveraged Loan CLO</i>	11,236,233	18,208,779	207,130	204,852	-	(11,236,230)	18,620,764
<i>Non-Conforming RMBS</i>	3,800,826	9,812,289	117,917	663,760	13,881,905	(3,800,827)	24,475,870
<i>Prime RMBS</i>	1,411,834	2,819,516	(278,742)	1,007,133	7,648,117	(1,411,836)	11,196,022
Total at 30 September 2017	39,346,382	22,436,110	989,011	1,638,638	21,530,022	(24,605,674)	61,334,489

	Opening balance	Net Purchases /(sales)	Net realised gain/(loss) for the year included in the Statement of Comprehensive Income for level 3 Investments held at 31 March 2017	Net unrealised gain/(loss) for the year included in the Statement of Comprehensive Income for level 3 Investments held at 31 March 2017	Transfer into Level 3	Transfer out Level 3	Closing balance
	£	£	£	£	£	£	£
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<i>Buy-to-Let RMBS</i>	-	(2,017,018)	67,152	(8,113)	5,479,749	-	3,521,770
<i>CMBS</i>	-	(973,931)	(10,542)	24,400	960,073	-	-
<i>Consumer ABS</i>	-	19,165,711	8,746	201,262	-	-	19,375,719
<i>Leases</i>	-	(8,154,565)	1,215,073	90,413	6,849,079	-	-
<i>Leveraged Loan CLO</i>	25,025,496	(60,120,439)	9,286,434	1,872,148	52,848,703	(17,676,109)	11,236,233
<i>Non-Conforming RMBS</i>	-	(21,409,645)	2,301,681	141,765	22,767,025	-	3,800,826
<i>Peripheral RMBS</i>	1,786,704	(13,318,258)	1,434,630	(360,192)	10,457,116	-	-
<i>Prime RMBS</i>	2,263,309	1,047,225	367,356	(2,746)	-	(2,263,310)	1,411,834
Total at 31 March 2017	29,075,509	(85,780,920)	14,670,530	1,958,937	99,361,745	(19,939,419)	39,346,382

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2017 to 30 September 2017

16. Fair Value Measurement (continued)

The following tables analyse within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 30 September 2017 and 31 March 2017 but for which fair value is disclosed.

	Level 1 (Unaudited) £	Level 2 (Unaudited) £	Level 3 (Unaudited) £	Total (Unaudited) £
Assets				
Cash and cash equivalents	20,317,932	-	-	20,317,932
Amounts due from broker	-	5,536,624	-	5,536,624
Other receivables	-	2,773,685	-	2,773,685
Total assets as at 30 September 2017	20,317,932	8,310,309	-	28,628,241
Liabilities				
Amounts due to brokers	-	21,258,238	-	21,258,238
Other payables	-	1,044,074	-	1,044,074
Total liabilities at at 30 September 2017	-	22,302,312	-	22,302,312
	Level 1 (Audited) £	Level 2 (Audited) £	Level 3 (Audited) £	Total (Audited) £
Assets				
Cash and cash equivalents	24,561,068	-	-	24,561,068
Amounts due from brokers	-	6,117,241	-	6,117,241
Other receivables	-	3,177,504	-	3,177,504
Total assets as at 31 March 2017	24,561,068	9,294,745	-	33,855,813
Liabilities				
Amounts due to brokers	-	14,072,249	-	14,072,249
Other payables	-	580,643	-	580,643
Total liabilities as at 31 March 2017	-	14,652,892	-	14,652,892

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2017 to 30 September 2017

16. Fair Value Measurement (continued)

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

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

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

17. Segmental Reporting

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

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

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

18. Dividend Policy

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

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

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

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2017 to 30 September 2017

18. Dividend Policy (continued)

The Company declared the following dividends in respect of distributable profit for the period ended 30 September 2017:

Period to	Dividend rate per Share (pence)	Net dividend payable (£)	Record date	Ex-dividend date	Pay date
30 June 2017	0.015	5,937,212	21 July 2017	20 July 2017	31 July 2017
29 September 2017	0.015	5,937,212	20 October 2017	19 October 2017	31 October 2017

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.

19. Ultimate Controlling Party

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

20. Subsequent Events

These Financial Statements were approved for issuance by the Board on 15 November 2017. Subsequent events have been evaluated until this date.

On 31 October 2017, the Company paid a dividend as detailed in note 18.



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