TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

Interim Management Report and Unaudited Condensed Interim Financial Statements

For the period from 1 October 2018 to 31 March 2019

CONTENTS

CORPORATE INFORMATION

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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") 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.

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.

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 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. As such the total return generated has been lower than initially anticipated, although the 6p dividend per annum has consistently been met and the Portfolio Manager is confident that this dividend target will be maintained in the current year. Refer to note 18 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

	For the period from 01.10.18 to 31.03.19	For the year ended 30.09.18	For the period from 01.10.17 to 31.03.18
Total Net Assets	£166,654,883	£169,743,090	£158,155,252
Net Asset Value per Share	90p	93.17p	95.89p
Share price	91.4p	97.00p	100.00p
Premium to NAV	1.56%	4.11%	4.29%
Dividends declared during the period/year	3.00p	6.55p	3.00p
Dividends paid during the period/year	3.55p	6.56p	3.56p

As at 23 May 2019, the premium had moved to 3.27%. The estimated NAV per share and share price stood at 90.44p and 93.40p, respectively.

Ongoing Charges
Ongoing charges for the six month period ended have been calculated in accordance with the Association of Investment Companies (the "AIC") recommended methodology. The ongoing charges for the 6 month period ended 31 March 2019 were 1.13% (31 March 2018: 1.17%) on an annualised basis.

CHAIRPERSON'S STATEMENT

For the period from 1 October 2018 to 31 March 2019

The six month period ending 31 March 2019, was one of two very distinct quarters. Q4-2018 was one of the most challenging periods for markets in recent years as Federal Reserve ("Fed") Chair, Powell, threatened to raise interest rates through the neutral rate, thereby scaring market participants of a potential policy error, and geopolitical concerns increased both in Europe and in the trade tariff talks between the US and China. However, Q1-2019, in contrast was the complete opposite as Powell reiterated that Fed policy was fully data dependent. Helping repair sentiment further was more conciliatory rhetoric from the US-China talks, and article-50 being extended to 31 October in order to give more time to find an orderly Brexit deal. Elsewhere, there was a degree of relief as the European Central Bank ("ECB") announced another round of targeted Long Term Financing Operations ("LTRO"), thereby helping the transmission mechanism in the Eurozone and alleviating any talk of a bank liquidity issue. In the UK, the Brexit negotiations dominated the Tory conference and the UK autumn budget as talks failed around the key Irish border issue. The negative Brexit sentiment weighed on UK assets, although the broad-based global rally in Q1 19 was still the dominating factor.

The first half of the period was one of widening spreads and poor market liquidity whereas the second period was one of buoyant market sentiment and tighter credit spreads. Of course, this translates to limited opportunities for the portfolio managers to source suitable assets and hence no new shares were issued in the 2nd quarter, whereas there was the opportunity for a tap in October (2m) and one in November (1m). Overall the income generation of the Company continued to comfortably maintain the monthly 0.5p dividend and the portfolio managers remain satisfied that the amortisation profile of the Company required no notification of any change to the dividend payment in the near to medium term. The Board continues to monitor dividend cover closely on a monthly basis.

There was a significant drop in total comprehensive income for the period, and whilst the dividends during the period were paid out of the Company's reserves, there was sufficient income earned to pay each dividend at each dividend date in accordance with the Company's dividend policy as described in note 18, and this does not affect the viability of the Company. The decline in total comprehensive income is predominantly due to the realised and unrealised revaluation of securities over the period.

Although, there were two new share taps during the period, the portfolio managers and the Board of Directors continue to adhere to a strict discipline of only accepting new share issuance when suitable investment opportunities exist. At the start of the period there were 182,179,151 shares in issue and 185,179,151 at the end of the period on 31 March 2019.

The strong technical backdrop currently being enjoyed by the market is expected to remain in place, unless an unexpected event occurs. Close attention is being paid to the forthcoming earnings season and the EU elections in May.

For the coming quarter, the portfolio managers have advised the Board that they are confident that the assets in the portfolio will continue to perform, and that reinvestment risk is not an immediate concern.

Claire Whittet
Chair
28 May 2019

PORTFOLIO MANAGER'S REPORT

For the period from 1 October 2018 to 31 March 2019

As advised in the Chair's Statement this was a period sharply defined by two very distinct quarters. Q4-2018 was a considerable challenge for investors that started with a weak tone following disappointing earnings from a number of bellwether corporates, such as Amazon and Caterpillar. From there on, market conditions deteriorated with sentiment being weakened by the International Money Fund downgrading global growth expectations, but the backdrop really changed following a very hawkish commentary from Fed Chair, Powell, who mentioned the possibility of Fed Funds being tightened beyond the perceived neutral rate. This led to US indices erasing much of the year's gains and global stocks saw their worst month in 6 years. The benchmark 10y US Treasury ("UST") yield breached the 3.25% resistance level, and the key 2-10s curve briefly steepened to 34bps. Then geopolitical events took hold again and UST yields retreated back, with volatility being stoked further by President Trump who took a very public swipe at Powell, reiterating his disapproval of the Fed's current tightening stance.

Sensing a repeat of the Bernanke-tantrum of 2013, Jerome Powell turned 180-degrees and adopted a dovish tone in the November statement, which created a degree of confusion for Fed-watchers but resulted in a sharp change of direction in the rates market with the 10y UST yield dipping below 3% and 2y/10y Treasury yield spread curve flatten by c.20bps over the month. As expected the Fed hiked Fed Funds to 2.25-2.50% on 19 December but the market began to question whether the Fed will hike at all in 2019, resulting in a drop in the dollar and a decline in 10y UST yields to 2.76% as the year drew to a close. Then at the American Economic Associations ("AEA") meeting in Atlanta on the 4 January, Powell, who was joined by Janet Yellen and Ben Bernanke, emphasised a data dependent stance saying he wouldn't hesitate to adjust the balance sheet reduction if it was causing problems for the economy. This was taken by the market as confirmation of a supportive Fed, leading to a sharp rally in all sectors of the credit markets, and rapidly reversing the widening of Q4-2018. Adding to the now dovish Fed there was welcome conciliatory language emanating from the US-China trade talks which added to the gains in both credit and rates.

There was an improvement, towards the end of 2018, in emerging markets following the decision by the Turkish courts to release the US pastor, and in Brazil the more market friendly candidate, Bolsonaro, won the Brazilian presidential campaign. The dovish Fed led to a weaker USD and this in turn helped the Emerging Markets ("EM") sector recover some ground as the year end approached.

In the Eurozone, Italian Government Bonds ("BTPs") continued their recent volatile sell-off, as the rhetoric between the EU and the Italian government intensified over the deficit-increasing budget set by the new coalition Government in Rome. Unsurprisingly, Moody's downgraded Italy's sovereign rating to Baa3. Italy continued to lag the rest of the Euro Sovereigns as the new year started and the coalition government refusing to change course, despite the Bank of Italy predicting a deficit of over 3% in 2019. However, the downside was softened by the positive tone across the general market, with the ECB continuing with supportive rhetoric, including the introduction of another round of targeted LTROs.

Here in the UK the Brexit negotiations dominated the Tory conference and the UK autumn budget. Talks failed around the key Irish border issue resulting in a number of key resignations in the ruling Conservative party and turmoil reigned in Parliament as Prime Minister May decided to delay the vote in the house, in the hope of some additional concessions from the EU. A new 'deadline' leaving date of 31 October has done little to bring harmony in the ruling Conservative Party or indeed across the House of Parliament. Speculation continues to grow that a second referendum and a threat (albeit minor) of a Corbyn-led government could materialise and hence a weaker tone for UK assets remains.

Elsewhere, in Germany the ruling Christian Democratic Union lost one of its key states in the Hesse elections, which ultimately resulted in Angela Merkel announcing her resignation as head of the party, although she intends to stay on as Chancellor until the end of her term in 2021; and in France President Macron's popularity hit a low point as he caved in to demands from a populist uprising against the perceived elitist nature of the French government.

PORTFOLIO MANAGER'S REPORT continued

For the period from 1 October 2018 to 31 March 2019

All in, the market traded poorly throughout Q4 but recovered strongly in Q1-2019 as supportive central bank policy appears to be back with a vengeance. As we head into Q2, there is a lack of geopolitical headwind, Brexit being the obvious exception. A number of idiosyncratic events leading to sharp sell-offs in credit risk, with several companies seeing bonds sell-off 10 points or more merely on the announcement of slightly disappointing results or news flow, illustrate the fragility of the market and investors' lack of appetite for volatility.

Portfolio Commentary

Given the weak sentiment in Q4-2018 the portfolio managers took the opportunity, where possible, to add favoured bonds, particularly those with relatively short duration; although a lack of new issuance volume and secondary flow meant that sourcing additional assets was frustratingly lower than the portfolio managers hoped.

With the sharp turnaround in market sentiment in Q1-2019 the portfolio managers found it increasingly more challenging to source suitable assets; although the re-financing of the original AT1 issues in 2013 and 2014 are now occurring in the market and this is expected to create some opportunity.

Overall it was an interesting six months, split between two diverse quarters. The Euro HY, CoCo, £ HY and $ HY indices all recovered from significant negative returns at the calendar year end to end the period: +1.69%, +3.21%, +1.39% and +2.73% respectively. The portfolio managers cut one position in the US HY space, due to a loss of confidence in the credit, which resulted in a slightly disappointing performance for the period with the Company generating a +0.5% return.

Foreign Exchange Accounting

The Company's policy is to hedge foreign exchange currency risk; however the Company does not formally designate the hedges or adopt hedge accounting under IFRS9. 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 net foreign currency losses on the portfolio (recorded within net losses on financial assets at fair value through profit or loss) and the net foreign currency gains on the forward currency contracts (included within net foreign currency gains) are recognised in accordance with the hedging policy and IFRS, within the Statement of Comprehensive Income.

Market Outlook and Strategy

Since 4 January and the AEA meeting in Atlanta the risk markets have seen credit spreads tighten considerably, although they are not quite back to the tights of 2017. Given where spreads have moved, the market is in a more vulnerable state and liable to volatility, and the portfolio managers are expecting that the forthcoming earnings season could be the catalyst for a bit of welcomed price correction. In addition, the new issue market is expected to pick up during the course of the year.

The portfolio managers are confident that periods of volatility will enable the Company to maintain a relatively short credit duration while keeping an attractive yield and that the re-investment risk remains low as we continue through 2019.

TwentyFour Asset Management LLP
28 May 2019

TOP TWENTY HOLDINGS
As at 31 March 2019

	Nominal/ Shares	Credit Security Sector	Fair Value * £	Percentage of Net Asset Value
Nationwide Bldg Society 10.25 29/06/2049	40,960	Financial - Banks	5,962,929	3.58
Coventry Bldg Society 6.375 29/12/2049	5,040,000	Financial - Banks	5,153,400	3.09
Coventry Bldg Society 6.875 29/12/2049	4,560,000	Financial - Banks	4,594,200	2.76
Shawbrook Group 7.875 31/12/2049	4,070,000	Financial - Banks	3,889,394	2.33
Santander UK	2,000,000	Financial - Banks	2,980,810	1.79
Bracken Midco1 8.875 15/10/2023	2,960,000	High Yield - European	2,853,514	1.71
Aldermore Group 11.875 31/12/2049	2,700,000	Financial - Banks	2,773,835	1.66
Altice 7.25 15/05/2022	2,950,000	High Yield - European	2,575,515	1.55
Capital Bridging Finance 1 MEZZ 12/11/2018	2,500,000	ABS	2,512,500	1.51
Barclays PLC 7.875 31/12/2049	2,365,000	Financial - Banks	2,475,702	1.49
Oaknorth Bank 7.75 01/06/2028	2,500,000	Financial - Banks	2,475,000	1.49
Arbour Clo 2 15/05/2030	3,000,000	ABS	2,474,827	1.49
Phoenix Group 5.75 31/12/2049	2,780,000	Financial - Insurance	2,390,800	1.43
Societe Generale 7.375 31/12/2049	2,960,000	Financial - Banks	2,348,260	1.41
Paragon Group of Companies 7.25 09/09/2026	2,200,000	Financial - Banks	2,302,412	1.38
Banco de Sabadell 6.5 31/12/2049	2,800,000	Financial - Banks	2,295,979	1.38
SC Germany Consumer 2015-1 E 13/12/2028	2,500,000	ABS	2,250,247	1.35
Onesavings Bank 9.125 31/12/2049	2,200,000	Financial - Banks	2,244,000	1.35
St Pauls Clo 25/04/2030	2,835,000	ABS	2,193,729	1.32
Virgin Money 8.75 31/12/2049	2,050,000	Financial - Banks	2,187,563	1.31
Total			58,934,616	35.38

* 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.

The full portfolio listing of bonds and asset backed securities ("ABS") as at 31 March 2019 can be obtained from the Administrator on request.

BOARD MEMBERS

Biographical details of the Directors are as follows:

Claire Whittet - (Chair) (age 64)
Ms Whittet is a resident of Guernsey and has 40 years' experience in the banking industry. She joined Rothschild Bank International Ltd in 2003 as a Director 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. Subsequently, Ms Whittet joined Bank of Bermuda and was Global Head of Private Client Credit before joining Rothschild. Ms Whittet holds a number of Non-Executive Directorships.

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 63)
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 an FCA 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 56)
Mr Martin has over 34 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.

He 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). Currently he is a Director of Bedlam Family Office. Mr Martin was appointed to the Board on 15 July 2014.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Company's assets are comprised of Bonds and 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 assessed by the Board relating to the Company were disclosed in the Annual Report and Audited Financial Statements for the year ended 30 September 2018. The principal risks disclosed include market risk, liquidity risk, credit risk, foreign currency risk and reinvestment risk. A detailed explanation of these can be found in the annual report. The Board and Portfolio Manager do not consider these risks to have changed and remain relevant for the remaining six months of the financial year.

- 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 are reinvested at a lower interest rate than that captured when the bond was initially purchased.

- Credit risk
  The investment portfolio is comprised of Asset Backed Securities and Bonds 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 is in predominantly Euro denominated assets although mitigates this risk through hedging.

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

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

The Board believes that it is appropriate to adopt the going concern basis in preparing the Unaudited Condensed Interim Financial Statements in view of its holding in cash and cash equivalents and certain more liquid investments within the portfolio and the income deriving from those investments, meaning the Company has adequate financial resources to meet its liabilities as they fall due.

RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their 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 the UK Listing Authority's Disclosure and Transparency Rule ("DTR") 4.2.4R.

- This 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 October 2018 to 31 March 2019 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 October 2018 to 31 March 2019 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,

Claire Whittet
Chair
28 May 2019

Christopher Legge
Director

INDEPENDENT REVIEW REPORT

TO TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

Our conclusion

We have reviewed the accompanying condensed interim financial information of TwentyFour Select Monthly Income Fund Limited (the "Company") as of 31 March 2019. 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 statement of comprehensive income for the six-month period then ended;
- the condensed interim statement of financial position as of 31 March 2019;
- 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.

INDEPENDENT REVIEW REPORT continued

TO TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

We have read the other information contained in the interim management 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
28 May 2019

(a) *The maintenance and integrity of TwentyFour Select Monthly Income Fund Limited'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.*

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 October 2018 to 31 March 2019

	Notes	For the period from 01.10.18 to 31.03.19 £ (Unaudited)	For the period from 01.10.17 to 31.03.18 £ (Unaudited)
Income			
Interest income on financial assets at fair value through profit and loss		6,024,029	5,635,643
Net foreign currency gains	7	2,765,645	1,430,518
Net losses on financial assets at fair value through profit or loss	8	(7,190,770)	(1,383,743)
Total income		1,598,904	5,682,418
Expenses			
Portfolio management fees	13	(624,367)	(579,549)
Directors' fees	13	(55,500)	(55,500)
Administration fees	14	(59,210)	(55,992)
AIFM management fees	14	(39,934)	(38,059)
Audit fee		(25,049)	(24,892)
Custody fees	14	(9,086)	(7,727)
Broker fees		(23,185)	(24,705)
Depositary fees	14	(13,768)	(12,831)
Legal fees		(36,128)	(30,422)
Other expenses		(57,322)	(77,704)
Total expenses		(943,549)	(907,381)
Total comprehensive income for the period		655,355	4,775,037
Earnings per Ordinary Share - Basic & Diluted	3	0.004	0.030

All items in the above statement derive from continuing operations.

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

CONDENSED STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

Assets	Notes	31.03.19 £ (Unaudited)	30.09.18 £ (Audited)
Current assets			
Financial assets at fair value through profit and loss			
- Investments	8	163,390,522	162,829,994
- Derivative assets: Forward currency contracts		35,870	10,686
Amounts due from broker		46,746	3,019,184
Other receivables	9	3,126,556	2,984,168
Cash and cash equivalents		7,959,379	6,834,535
Total current assets		174,559,073	175,678,567
Liabilities			
Current liabilities			
Amounts due to broker		6,700,146	4,810,956
Other payables	10	345,094	395,189
Financial liabilities at fair value through profit and loss			
- Derivative liabilities: Forward currency contracts		858,950	729,332
Total current liabilities		7,904,190	5,935,477
Total net assets		166,654,883	169,743,090
Equity			
Share capital account	11	180,201,379	177,393,446
Other reserves		(13,546,496)	(7,650,356)
Total equity		166,654,883	169,743,090
Ordinary Shares in issue	11	185,179,151	182,179,151
Net Asset Value per Ordinary Share (pence)	5	90.00	93.17

The Financial Statements on pages 14 to 33 were approved by the Board of Directors on 28 May 2019 and signed on its behalf by:

Claire Whittet
Chair

Christopher Legge
Director

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

CONDENSED STATEMENT OF CHANGES IN EQUITY

for the period from 1 October 2018 to 31 March 2019

	Notes	Share capital account £ (Unaudited)	Other reserves £ (Unaudited)	Total £ (Unaudited)
Balance at 1 October 2018		177,393,446	(7,650,356)	169,743,090
Issue of shares		2,847,700	-	2,847,700
Share issue costs		(33,602)	-	(33,602)
Income equalisation on new issues	4	(6,165)	6,165	-
Distributions paid		-	(6,557,660)	(6,557,660)
Total comprehensive income for the period		-	655,355	655,355
Balance at 31 March 2019		180,201,379	(13,546,496)	166,654,883

	Notes	Share capital account £ (Unaudited)	Other reserves £ (Unaudited)	Total £ (Unaudited)
Balance at 1 October 2017		157,001,121	(1,793,164)	155,207,957
Issue of shares		3,950,000	-	3,950,000
Share issue costs		(46,413)	-	(46,413)
Income equalisation on new issues	4	(41,434)	41,434	-
Distributions paid		-	(5,731,329)	(5,731,329)
Total comprehensive income for the period		-	4,775,037	4,775,037
Balance at 31 March 2018		160,863,274	(2,708,022)	158,155,252

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

CONDENSED STATEMENT OF CASH FLOWS

for the period from 1 October 2018 to 31 March 2019

	Notes	For the period from 01.10.18 to 31.03.19 £ (Unaudited)	For the period from 01.10.17 to 31.03.18 £ (Unaudited)
Cash flows used in operating activities			
Total comprehensive income for the period		655,355	4,775,037
Adjustments for:			
Net losses on financial assets at fair value through profit or loss	8	7,190,770	1,383,743
Amortisation adjustment under effective interest rate method	8	(207,918)	(359,323)
Unrealised losses on derivatives	7	104,432	227,142
Exchange loss on cash and cash equivalents		265	-
Increase in other receivables	9	(142,388)	(250,511)
Decrease in other payables	10	(50,095)	(83,006)
Purchase of investments	8	(33,797,696)	(34,284,953)
Sale of investments	8	31,115,946	28,858,101
Net cash generated from operating activities		4,868,671	266,230
Cash flows from financing activities			
Proceeds from issue of ordinary shares	11	2,847,700	3,950,000
Share issue costs	11	(33,602)	(46,413)
Dividend distribution	18	(6,557,660)	(5,731,329)
Net cash outflow from financing activities		(3,743,562)	(1,827,742)
Increase/(decrease) in cash and cash equivalents		1,125,109	(1,561,512)
Cash and cash equivalents at beginning of period		6,834,535	8,169,355
Exchange loss on cash and cash equivalents		(265)	-
Cash and cash equivalents at end of period		7,959,379	6,607,843

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

for the period from 1 October 2018 to 31 March 2019

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 Unaudited Condensed Interim Financial Statements for the period from 1 October 2018 to 31 March 2019 have been prepared on a going concern basis in accordance with IAS 34, the Listing Rules of the LSE and applicable legal and regulatory requirements.

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements for the year ended 30 September 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and for which an unqualified audit report was issued by the independent auditor.

b) Changes in accounting policy

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

c) Significant judgements and estimates

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

d) Standards, amendments and interpretations effective during the period

The accounting policies adopted are consistent with those used in the Annual Report and Audited Financial Statements for the year ended 31 September 2018. As disclosed in those Annual Financial Statements, IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from contracts with customers', were applicable for financial reporting periods starting 1 January 2018. As such, these standards have been adopted by the Company, but have not materially affected the Company.

IFRS 9 Assessment

Investments continue to be measured at fair value through profit or loss under IFRS 9. Other Receivables and cash and cash equivalents classified as Loans and Receivables under IAS 39 have been reclassified to Amortised Cost under IFRS 9. 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.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
for the period from 1 October 2018 to 31 March 2019

2. Principal Accounting Policies continued

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

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

IFRS 15 Assessment

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

There were no other new standards, interpretations or amendments to standards issued and effective for the period that materially impacted the Company.

3. Earnings per Ordinary Share - Basic & Diluted

The earnings per Ordinary Share - Basic and Diluted of 0.4p (31 March 2018: 3.0p) has been calculated based on the weighted average number of Ordinary Shares of 184,832,997 (31 March 2018: 160,995,817) and a net gain for the period of £655,355 (31 March 2018: £4,775,037).

4. Income on equalisation of new issues

In order to ensure there were no dilutive effects on earnings per share for current shareholders when issuing new shares, earnings have been calculated in respect of the accrued income at the time of purchase and a transfer has been made from share capital to income to reflect this. The transfer for the period amounted to £6,165 (31 March 2018: £41,434).

5. Net Asset Value per Ordinary Share

The net asset value of each Share of 90.00p (30 September 2018: 93.17p) is determined by dividing the net assets of the Company attributed to the Shares of £166,654,883 (30 September 2018: £169,743,090) by the number of Shares in issue at 31 March 2019 of 185,179,151 (30 September 2018: 182,179,151).

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 (30 September 2018: £1,200).

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2018 to 31 March 2019

7. Net foreign currency gains

	For the period from 01.10.18 to 31.03.19 (Unaudited) £	For the period from 01.10.17 to 31.03.18 (Unaudited) £
Movement in net unrealised losses on forward currency contracts	(104,432)	(227,142)
Movement in unrealised gains on spot currency contracts	14,463	705
Realised gains on forward currency contracts	2,955,715	2,936,419
Realised currency losses on receivables/payables	(76,092)	(1,229,065)
Unrealised currency losses on receivables/payables	(24,009)	(50,399)
	2,765,645	1,430,518

8. Investments

	For the period from 01.10.18 to 31.03.19 (Unaudited) £	For the year ended 30.09.18 (Audited) £
Financial assets at fair value through profit and loss:		
Unlisted Investments:		
Opening amortised cost	158,413,688	137,736,071
Purchases at cost	35,686,888	72,998,902
Proceeds on sale/principal repayment	(28,143,508)	(55,621,075)
Amortisation adjustment under effective interest rate method	207,918	783,913
Realised gain on sale/principal repayment	2,068,463	4,609,061
Realised loss on sale/principal repayment	(4,220,041)	(2,093,184)
Closing amortised cost	164,013,408	158,413,688
Unrealised gain on investments	3,631,064	6,821,995
Unrealised loss on investments	(4,253,950)	(2,405,689)
Fair value	163,390,522	162,829,994

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2018 to 31 March 2019

8. Investments continued

	For the period from 01.10.18 to 31.03.19 (Unaudited) £	For the period from 01.10.17 to 31.03.18 (Unaudited) £
Realised gain on sale/principal repayment	2,068,463	3,449,505
Realised loss on sale/principal repayment	(4,220,041)	(1,523,159)
Decrease in unrealised gain	(3,190,931)	(2,973,142)
Increase in unrealised loss	(1,848,261)	(336,947)
Net loss on financial assets at fair value through profit or loss	(7,190,770)	(1,383,743)

The Company does not experience any seasonality or cyclicality in its investing activities.

9. Other receivables

	As at 31.03.19 (Unaudited) £	As at 30.09.18 (Audited) £
Interest income receivable	3,017,185	2,845,755
Prepaid expenses	6,105	39,195
Dividends receivable	99,190	99,190
Foreign currency receivable	4,076	28
	3,126,556	2,984,168

10. Other payables

	As at 31.03.19 (Unaudited) £	As at 30.09.18 (Audited) £
Portfolio management fees payable	194,927	205,615
Directors' fees payable	-	27,750
Administration fees payable	22,403	23,440
AIFM management fees payable	16,792	18,905
Audit fees payable	30,619	51,500
Other expenses payable	76,608	53,960
Depositary fees payable	2,063	2,150
Custody fees payable	1,682	1,454
Foreign currency payable	-	10,415
	345,094	395,189

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2018 to 31 March 2019

11. 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 31.03.19 £	As at 30.09.18 £
Ordinary Shares		
Share Capital at the beginning of the period/year	177,393,446	157,001,121
Issue of shares	2,847,700	20,817,500
Share issue costs	(33,602)	(244,606)
Income equalisation on new issues	(6,165)	(180,569)
Total Share Capital at the end of the period/year	180,201,379	177,393,446

Reconciliation of number of Shares

	31.03.19 Shares	30.09.18 Shares
Ordinary Shares		
Shares at the beginning of the period/year	182,179,151	160,929,151
Issue of shares	3,000,000	21,250,000
Total Shares in issue at the end of the period/year	185,179,151	182,179,151

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 UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2018 to 31 March 2019

11. 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.

12. 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
	£	£	£
31 March 2019 (Unaudited)			
Financial Assets			
Financial assets at fair value through profit and loss			
-Investments			
-Bonds	100,076,062	-	100,076,062
-Asset backed securities	63,314,460	-	63,314,460
-Derivative assets: Forward currency contracts	35,870	-	35,870
Amounts due from broker	-	46,746	46,746
Other receivables (excluding prepaid expenses)	-	3,120,451	3,120,451
Cash and cash equivalents	-	7,959,379	7,959,379
	163,426,392	11,126,576	174,552,968

	Financial liabilities at fair value through profit and loss	Other financial liabilities	Total
	£	£	£
31 March 2019 (Unaudited)			
Financial Liabilities			
Amounts due to broker	-	6,700,146	6,700,146
Other payables	-	345,094	345,094
Financial liabilities at fair value through profit and loss			
-Derivative liabilities: Forward currency contracts	858,950	-	858,950
	858,950	7,045,240	7,904,190

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2018 to 31 March 2019

12. 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 2018 (Audited)			
Financial Assets			
Financial assets at fair value through profit and loss			
-Investments			
-Bonds	106,254,172	-	106,254,172
-Asset backed securities	56,575,822	-	56,575,822
-Derivative assets: Forward currency contracts	10,686	-	10,686
Amounts due from broker	-	3,019,184	3,019,184
Other receivables (excluding prepaid expenses)	-	2,944,973	2,944,973
Cash and cash equivalents	-	6,834,535	6,834,535
	162,840,680	12,798,692	175,639,372

	Financial liabilities at fair value through profit and loss	Other financial liabilities	Total
	£	£	£
30 September 2018 (Audited)			
Financial Liabilities			
Amounts due to broker	-	4,810,956	4,810,956
Other payables	-	395,189	395,189
Financial liabilities at fair value through profit and loss			
-Derivative liabilities: Forward currency contracts	729,332	-	729,332
	729,332	5,206,145	5,935,477

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2018 to 31 March 2019

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

	31.03.19	30.09.18
	£	£
Claire Whittet (Chair of the Board)	21,000	42,000
Christopher Legge (Audit Committee Chairman)	18,500	37,000
Ian Martin (MEC Chairman)	16,000	32,000
Total Directors' fees	55,500	111,000

	As at 31.03.19	As at 30.09.18
	£	£
Directors' fee payable (note 10)	-	27,750

b) Shares held by related parties

The Directors of the Company held the following shares beneficially:

	31.03.19	30.09.18
	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 period. Dividends declared by the Company are set out in note 18.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2018 to 31 March 2019

13. Related Parties continued

b) Shares held by related parties continued

As at 31 March 2019, the Portfolio Manager held no Shares (30 September 2018: no Shares) of the Issued Share Capital. Partners and employees of the Portfolio Manager increased their holdings during the period, and held 1,253,258 (30 September 2018: 1,153,258), which is 0.68% (30 September 2018: 0.63%) of the Issued Share Capital.

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 period amounted to £624,367 (31 March 2018: £579,549) of which £194,927 (30 September 2018: £205,615) is payable at period 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 period, the Portfolio Manager received £5,145 (31 March 2018: £6,913) in commission.

14. 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 period, AIFM fees of £39,934 (31 March 2018: £38,059) were charged to the Company, of which £16,792 (30 September 2018: £18,905) remained payable at the end of the period.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2018 to 31 March 2019

14. Material Agreements continued

b) Administrator and Secretary

Administration fees are payable to Northern Trust International Fund Administration Services (Guernsey) Limited monthly in arrears at a rate of 0.06% of the Net Asset Value of the Company below £100 million, 0.05% on Net Assets between £100 million and £200 million and 0.04% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum 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 period, administration and secretarial fees of £59,210 (31 March 2018: £55,992) were charged to the Company, of which £22,403 (30 September 2018: £23,440) remained payable at the end of the period.

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 period, the Broker received £28,477 (31 March 2018: £6,913) in commission, which is charged as a cost of issuance.

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 period, depositary fees of £13,768 (31 March 2018: £12,831) were charged to the Company, of which £2,063 (30 September 2018: £2,150) remained payable at the end of the period.

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 £9,086 (31 March 2018: £7,727) of which £1,682 (30 September 2018: £1,454) is due and payable at the end of the period.

15. 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.

These Unaudited Condensed Interim Financial Statements do not include the financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements for the year ended 30 September 2018.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2018 to 31 March 2019

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 table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value as at 31 March 2019.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Financial assets at fair value through profit or loss				
-Investments				
-Bonds	-	65,651,044	34,425,018	100,076,062
-Asset backed securities	-	39,627,212	23,687,248	63,314,460
-Derivative assets: Forward currency contracts	-	35,870	-	35,870
Total assets as at 31 March 2019	-	105,314,126	58,112,266	163,426,392
Liabilities				
Financial liabilities at fair value through profit or loss				
-Derivative liabilities: Forward currency contracts	-	858,950	-	858,950
Total liabilities as at 31 March 2019	-	858,950	-	858,950

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2018 to 31 March 2019

16. 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 2018.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets	(Audited)	(Audited)	(Audited)	(Audited)
Financial assets at fair value through profit or loss				
-Bonds	-	40,656,257	65,597,915	106,254,172
-Asset backed securities	-	46,866,424	9,709,398	56,575,822
-Derivative assets: Forward currency contracts	-	10,686	-	10,686
Total assets as at 30 September 2018	-	87,533,367	75,307,313	162,840,680
Liabilities				
Financial liabilities at fair value through profit or loss				
-Derivative liabilities: Forward currency contracts	-	729,332	-	729,332
Total liabilities as at 30 September 2018	-	729,332	-	729,332

Credit 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 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 UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2018 to 31 March 2019

16. Fair Value Measurement continued

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

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 period ended 31 March 2019 by class of financial instrument.

	Bonds	Asset backed securities	Total
31 March 2019 (Unaudited)	**£**	**£**	**£**
Opening balance	65,597,915	9,709,398	75,307,313
Net purchases	993,278	(3,798,610)	(2,805,332)
Net realised (loss)/gain for the year	(1,279,807)	9,369	(1,270,438)
Net unrealised loss for the year	(1,372,331)	(616,827)	(1,989,158)
Transfer into Level 3	2,621,972	7,640,735	10,262,707
Transfer out of Level 3	(16,702,102)	(4,690,724)	(21,392,826)
Closing balance	49,858,925	8,253,341	58,112,266

The following table presents the movement in level 3 instruments for the year ended 30 September 2018 by class of financial instrument.

	Bonds	Asset backed securities	Total
30 September 2018 (Audited)	**£**	**£**	**£**
Opening balance	73,901,893	8,361,751	82,263,644
Net purchases	1,842	5,849,062	5,850,904
Net loss for the year	(1,086,461)	652,813	(433,648)
Net unrealised gain for the year	(1,074,122)	(254,682)	(1,328,804)
Transfer into Level 3	8,972,727	-	8,972,727
Transfer out of Level 3	(15,117,964)	(4,899,546)	(20,017,510)
Closing balance	65,597,915	9,709,398	75,307,313

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2018 to 31 March 2019

16. 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 31 March 2019 but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
31 March 2019	**£**	**£**	**£**	**£**
Assets				
Amounts due from broker	-	46,746	-	46,746
Other receivables	-	3,126,556	-	3,126,556
Cash and cash equivalents	7,959,379	-	-	7,959,379
Total	**7,959,379**	**3,173,302**	**-**	**11,132,681**
Liabilities				
Amounts due to broker	-	6,700,146	-	6,700,146
Other payables	-	345,094	-	345,094
Total	**-**	**7,045,240**	**-**	**7,045,240**

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 30 September 2018 but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
30 September 2018	**£**	**£**	**£**	**£**
Assets				
Amounts due from broker	-	3,019,184	-	3,019,184
Other receivables	-	2,984,168	-	2,984,168
Cash and cash equivalents	6,834,535	-	-	6,834,535
Total	**6,834,535**	**6,003,352**	**-**	**12,837,887**
Liabilities				
Amounts due to broker	-	4,810,956	-	4,810,956
Other payables	-	395,189	-	395,189
Total	**-**	**5,206,145**	**-**	**5,206,145**

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2018 to 31 March 2019

16. Fair Value Measurement continued

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.

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 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 Condensed Statement of Comprehensive Income as interest income on financial assets at fair value through profit and loss being interest income received from Credit 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 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.

Distributions made with respect to any income period 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), 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 gain / (loss) on the foreign exchange contracts caused by the libor differentials between each foreign exchange currency pair.

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2018 to 31 March 2019

18. Dividend Policy continued

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

Period to	Dividend rate per Share (pence)	Net dividend paid Income (£)	Ex-dividend date	Record date	Pay date
31 October 2018	0.50	920,896	15 November 2018	16 November 2018	30 November 2018
30 November 2018	0.50	925,896	13 December 2018	14 December 2018	31 December 2018
31 December 2018	0.50	925,896	17 January 2019	18 January 2019	31 January 2019
31 January 2019	0.50	925,896	14 February 2019	15 February 2019	28 February 2019
28 February 2019	0.50	925,896	14 March 2019	15 March 2019	29 March 2019
31 March 2019	0.50	925,896	18 April 2019	23 April 2019	30 April 2019

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 Unaudited Condensed Interim Financial Statements were approved for issuance by the Board on 28 May 2019. Subsequent events have been evaluated to this date.

Dividend declarations

Declaration date	Dividend rate per Share (pence)
11 April 2019	0.50
8 May 2019	0.50