TwentyFour Income Fund Limited

Annual Report and Audited Financial Statements

For the year ended 31 March 2020

CONTENTS

CORPORATE INFORMATION

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Trevor Ash (Chairman)
Ian Burns (Senior Independent Director)
Richard Burwood
Joanne Fintzen

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Alternative Investment Fund Manager (“AIFM”)
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Broker and Financial Adviser
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Guernsey, GY1 1DB

SUMMARY INFORMATION

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

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

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

At an Extraordinary General Meeting held on 10 May 2019, Shareholders agreed to pass a resolution to update the Company's Investment Policy. Amended Investment Policy details are outlined below. Details of the prior Investment Policy can be found in the Company's Annual Financial Statements for the year ended 31 March 2019.

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

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

- the asset purchased would be compliant with the single country restriction above (even where following the purchase more than 20 per cent. of the Portfolio will be backed by collateral in another single country due to market movements);
- the asset purchased would be compliant with the single Asset Backed Security/issuer exposure restriction above (even where following the purchase more than 10 per cent. of the Portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities, provided that Asset Backed Securities within the Portfolio to which more than 5 per cent. of the Portfolio value is exposed, may not make up more than 40 per cent. of the total Portfolio value of the Company); and
- such purchase does not make the Portfolio, in aggregate, less compliant with any of (i), (ii), (iii) and (iv) above.

SUMMARY INFORMATION Continued

Investment Objective and Investment Policy (continued)
Uninvested cash or surplus capital or assets may be invested on a temporary basis in:

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

The Company may employ gearing or derivatives for investment purposes.

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

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.

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.*

Ongoing Charges
Ongoing charges for the year ended 31 March 2020 have been calculated in accordance with the Association of Investment Companies (the "AIC") recommended methodology. The ongoing charges for the year ended 31 March 2020 were 0.96% (31 March 2019: 0.95%).

* 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 pay any dividends 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 17 for further detail.

SUMMARY INFORMATION Continued

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

	31.03.20	**31.03.19**
Total Net Assets	£475,369,856	£500,465,449
Net Asset Value per share	94.19p	113.28p
Share price	88.00p	115.28p
(Discount)/premium to Net Asset Value	-6.57%	1.77%
Dividends declared in respect of the year	6.40p	6.45p

As at 21 July 2020, the discount had moved to -0.18%. The estimated NAV per share and mid-market share price stood at 103.44p and 103.25p respectively.

CHAIRMAN'S STATEMENT
for the year ended 31 March 2020

I am pleased to present my report on the Company's progress for the year ended 31 March 2020.

The Company's shares have typically traded at a premium since launch, and continued to do so during the first four months of the year, switching to a discount during the autumn due to a softening of the ABS market. This discount persisted until November 2019, due to a combination of NAV performance and a number of investors electing to participate in the three year exit facility, subsequently moving back to a premium. This premium continued into year-end and until the COVID-19 market sell-off in the latter part of the year. The large disparity between the Net Asset Value ("NAV") and the share price during March pushed the average discount during the year to 0.68%, and it moved in a range of +3.0% to -23.8% during the year. As at 21 July 2020, the discount had moved to -0.18%. The estimated NAV per share and mid-market share price stood at 103.44p and 103.25p respectively.

The Board is willing to continue to authorise the issuance of further shares based on the Portfolio Manager's confirmation that attractive investment opportunities are available in the market that enhance the portfolio.

The NAV total return on the shares from launch to 31st March 2020 was 43.22% (including dividends paid). The NAV per share dropped 12.03% (including dividends paid) by year end largely driven by COVID-19 and the timing of the market sell-off relative to the Company's year-end. The income component of the return to investors remained strong; the Company declared three dividends of 1.5p per share to cover the pro-rata minimum return of 6p per share, and announced a final dividend for the previous period covering all excess returns in respect of the year of 1.9p per share.

The NAV performance of the Company has varied during the year. It was broadly positive during the first three months as European ABS spread performance caught up with corporate credit after a slow start to 2019, before some weakness was felt during August and September 2019, though prices rebounded strongly into the end of the year. However this has been completely overshadowed by the volatility felt across all financial markets since late February, as a result of the implications of a global shutdown in response to the COVID-19 pandemic. Fundamental performance of the asset pools and structures remained strong and stable at the period end, and ratings remained stable. However, a global recession is now expected and this will lead to an increase in arrears and loan defaults generally in both consumer and corporate lending markets, as well as a current increase in bonds being put on review for downgrade, which will likely lead to an increase in credit ratings downgrades in future. As an indication of the size of the move in spreads during the COVID market disruption, I understand that single-B rated CLOs, which are very much at the most volatile end of the Company's holdings, widened from a spread of 795 basis points to over 2,000 basis points. They have since recovered to around 1,200 basis points. The impact of these kind of movements was a 20% reduction in the Company's NAV, with a subsequent ongoing recovery.

As a result of the market moves seen at the end of the financial year, spreads in European ABS are now wider than they have generally been since the Company was launched. While underlying performance of the sector is expected to deteriorate, the dislocation between the performance implied by current pricing and what is expected means that the current opportunity set has become as, or more, interesting than it has been during the life of the Company. This will allow for additional capital to be issued should investor appetite demand it.

Towards the end of the year I discussed with the Manager their transition to working from home, and was pleased to note, and observe from our ongoing interactions with them, that their systems were robust and allowed them to continue to manage the Portfolio with minimum impact as a result. I understand that from an early stage they planned to have the ability to work from home for the long term, albeit returning to their office once the effects of COVID-19 have reduced to make it safe, efficient and optimal to do so.

CHAIRMAN'S STATEMENT Continued

for the year ended 31 March 2020

While I recognise the potential for volatility, in particular as the global lockdown and its impact on economic performance plays out, I believe the Company's structure remains an appropriate way for investors to invest in such assets. I remain confident of the Company's ability to fulfil its objectives. Although the market and portfolio have seen significant price volatility, we do not expect to see any of the investments default and so the loss to date is expected to be recovered as the portfolio's investments mature over subsequent periods. The Company's target continues to be to pay an annual dividend equal to the income generated by the portfolio. Short-term unrealised losses do not impact the Company's ability to pay a dividend. Should these losses endure for a longer period and should they subsequently be realised, it may be necessary to adjust the dividend target. The recovery of the Company's NAV post-year end has reduced the likelihood of this occurring. There has been no loss of expected income either, so the Company expects to pay dividends in line with its policy.

Trevor Ash
Chairman
21 July 2020

PORTFOLIO MANAGER'S REPORT
For the year ended 31 March 2020

Market Commentary
The key themes that drove broader market sentiment through 2019 continued throughout the year, with central bank policy and the trade tariff dispute dominating the markets, while Brexit uncertainty remained heightened. A resolution to the US-China trade conflict emerged towards the end of the year, as did a convincing victory for the Conservative Party in the UK, which provided more certainty around the path of Brexit negotiations. These allowed for a more positive end to 2019 and start to 2020. However, shortly before the end of the period, the COVID-19 pandemic created significant market volatility as investors sold assets to create liquidity, and a global lockdown created the prospect of a global recession of uncertain length and severity.

In April 2019, the Board of TwentyFour Income Fund announced the intention to issue new ordinary redeemable shares in response to ongoing demand, and due to the belief of both the Board and TwentyFour Asset Management that there was an opportunity to deploy additional funds with favourable returns. The capital raising of £80m saw significant demand, which was very successful against a backdrop of equity and wider market volatility during the subscription period.

Sentiment in the European ABS market continued to improve throughout April 2019, with the Brexit extension adding to the support following the successful refinancing of the large legacy Northern Rock mortgage portfolio transaction in March 2019. This strong technical support remained in contrast to the very limited amount of issuance in Q1, the market saw a healthy amount of well-diversified issuance. The UK market also saw its first Prime STS RMBS deal from Nationwide, which generated very strong demand. The deal was also notable in that it was the first publicly placed deal in the market referencing Sonia as its index, as opposed to Libor. The transition of UK issuers to the Sonia index increased during the period as expected, as the Bank of England continued to encourage a move away from fixing to Libor, which is due to be phased out at the end of 2021.

May 2019 saw spreads perform initially on light supply, however as the pipeline built and corporate credit markets widened, the market started to see a little weakness seep into ABS performance. CLO issuance slowed but overall year-to-date performance, particularly in the AAA and mezzanine space, remained positive. Some of the focus on primary deals was at the shorter end, and there was a pick-up in CLO refinancing deals and continuation of the development of steeper tiering on a spread basis by manager, maturity and tranche rating.

Markets rallied across the board in June 2019, with both risk-off and risk-on assets posting positive returns, as the Fed seemed to pacify the markets' call for lower rates, and as the outgoing ECB president, Mario Draghi, delivered a particularly dovish speech stating the ECB stood ready to act with additional stimulus if the outlook in Europe didn't improve. This naturally led to a strong rally in both European government bonds and credit, which filtered through to the European ABS market and later in the month we saw a compression in spreads.

The momentum of primary ABS issuance continued unabated throughout July 2019 against a fairly benign macro backdrop. With low levels of volatility, most deals were placed at the tighter end of guidance, with decent levels of oversubscription in mezzanine bonds in particular. Heavy issuance in CLOs led to spreads being a little weaker in the mezzanine tranches, which was understandable given the amount of supply. The deeper mezzanine spreads had been driven more by the manager and the quality of the underlying portfolio. Secondary spreads in the wider ABS market generally held in well over the month, trending sideways as opposed to widening in the face of heightened primary supply.

Escalating trade wars, geopolitical events and deteriorating economic data combined to create a more vulnerable backdrop to risk markets through August 2019, however the European ABS market was typically very quiet with virtually no primary public issuance. The market bounced back in September 2019 with a wide range of deals priced. Issuance over the month grossed around €9bn, subscription levels were very strong across all transactions, particularly in mezzanine bonds, and all tranches were priced at the tighter end of initial guidance.

PORTFOLIO MANAGER'S REPORT Continued
For the year ended 31 March 2020

Market Commentary (continued)
This positive tone continued through the autumn, buoyed by easing from the Fed and the announcement of a December 2019 general election in the UK to break the impasse in UK politics. The outlier in terms of spread performance continued to be BB and B rated CLOs, as supply continued to push spreads wider; however they later saw some reversal on a relative value basis to other markets. In contrast mezzanine consumer ABS performed well through autumn as dealers were low on inventory.

Risk sentiment was positive in December 2019 as the US and China came to a 'phase one' agreement on trade, cancelling tariff increases scheduled for mid-month. In addition a resounding success for the Conservatives in the UK election gave investors greater clarity around the direction of the Brexit negotiations. The ABS market was relatively quiet as expected.

As 2019 ended the portfolio had been incrementally moved to a lower risk weighting, principally through a migration towards higher credit quality, and to a lesser extent shorter maturities. This had been in recognition of the continued build-up of risks external to the ABS market, including the Brexit negotiations, the US-China trade dispute and weakening macro-economic data, all of which had the potential to spill over into the ABS market as we had seen with similar periods in 2018 and 2016.

For the first six weeks of 2020 the ABS market saw continued strong performance, characterised by heavily oversubscribed deals coming in the primary market and strong spread performance. However, this was against a backdrop of the lockdown of several cities in China as a response to the spread of COVID-19, and subsequently its spread on a global basis. By late February the ABS market saw a material reversion in risk sentiment, having previously lagged the negative moves seen in global equities and fixed income. Price declines were experienced across all parts of the market and the Company's portfolio. However there is a significant disconnect between the implied deterioration in loan pool performance of such price moves, and the current and expected performance of such pools.

The impact on the market was two-fold. Initially there was significant demand for liquidity from portfolio managers who were experiencing outflows, and this was followed by hedge funds experiencing margin calls, creating forced selling and the depressing of prices immediately. As bank trading desks had come into the year relatively light on inventory, and having found it hard to add product in the competitive environment experienced at the start of the year, bid-offer spreads were pushed materially wider and with a lower risk tolerance as a result of regulatory capital requirements, material price declines were seen over the space of the next two weeks and markets became materially less liquid. The second effect was market pricing reflecting ongoing uncertainty around whether bonds would be called at their optional call dates, or whether the coupons would step-up and deals extend, which has the impact of further pushing prices down as the discounted price has to cover the required additional yield for a longer period of time. These moves were felt most strongly in the European CLO market, which always tends to experience the most volatility given its longer maturity profiles, its closer correlation with the European high yield market and its more specialised investor base.

As the first quarter ended the market felt like it had found a degree of stability, with a wider range of bonds trading in the secondary market and a significant increase in liquidity as more participants, both bank trading desks and investors, sought to take advantage of spreads that were wider than they had been over the last decade.

At year end, despite experiencing material price volatility, there were no defaulted assets nor any that were expected to default in future.

PORTFOLIO MANAGER'S REPORT Continued

For the year ended 31 March 2020

Market Outlook

The outlook is currently solely driven by the development of COVID-19 pandemic, which is likely to result in a global recession. The extent of the impact will be driven by the length of the global lockdown and the longevity of the impact of the economy. Specifically for the ABS market the impact on fundamental performance will be driven on the consumer side by obvious factors such as unemployment rates, but also by the extent to which lenders permit forbearance to distressed borrowers. It is worth noting that while headlines have made it clear lenders are being encouraged to offer forbearance, this has typically been lender policy anyway and is normally the first step in an arrears management process. This results in a deferral of interest payments rather than the permanent loss of interest or a default. It is for this reason that liquidity and general reserves are structured into ABS deals.

Historically, in terms of corporate borrower risks, largely via allocation to CLOs, we have stress-tested transactions based on a dual approach of a severe recessionary scenario and assessing the level of underlying defaults that each tranche can withstand. As a result of the COVID-19 pandemic we have added a scenario that more specifically targets underperformance in sectors more directly impacted, including retail, tourism, and transport, among others. The modelling output points encouragingly towards the worst case scenarios being interest deferral on a limited number of exposures within the portfolio, with such interest accruing and subsequently being paid in full with all principal also repaid. We do expect to the see the leveraged loan market experience a material increase in CCC ratings, downgrades, which will hurt CLO equity, and likely keep CLO spreads wider for longer.

While we are currently seeing an increase in primary market activity, these are largely transactions postponed as a result of the recent market closure, and we expect supply to be materially lower than in recent years during the second half of the year. This is as a result of lower loan origination volumes in consumer lending, and also as the cost of incubating CLOs on bank balance sheet should become more expensive and harder to source. This lack of supply could support prices over a medium-term timeframe. However, should market sentiment become driven by either extension or gradual release from lockdown, we would expect that to be a more immediate driver of ABS pricing. In addition it should be expected that there will be ratings downgrades as economic performance weakens.

Although coming into 2020 positioned for a degree of market volatility, the Company was not positioned for the unforeseeable arrival of COVID-19 and its effect on financial markets everywhere. As such, whilst benefiting to an extent from the portfolio's lower risk position, like most in the sector, the company was exposed to the ensuing price volatility. However, the opportunity set as it currently exists is extremely attractive, and lagging performance seen in other parts of fixed income. In markets such as those seen recently, the closed-ended structure allows optimal support for the strategy to access strong credits which we believe to be currently fundamentally mispriced.

TwentyFour Asset Management
21 July 2020

TOP TWENTY HOLDINGS
as at 31 March 2020

Security	Nominal/ Shares	Asset Backed Security Sector	Fair Value £	Percentage of Net Asset Value
OPTIMUM THREE '3 MEZ' FRN 19/03/2021	17,500,000	Non-Conforming RMBS	17,500,000	3.68
VSK HOLDINGS LIMITED SER	989,000	Prime RMBS	17,497,574	3.68
TULPENHUIS 0.0% 18/04/2051	19,531,679	Prime RMBS	17,283,870	3.64
CAP. BRIDGE FIN. NO1 '1 MEZZ' FRN 08/11/2018	14,000,000	Buy-to-Let RMBS	13,230,000	2.78
TAURUS CMBS SER 2020-NL1X CLS E 20/02/2030	17,000,000	CMBS	11,282,663	2.37
EQTY. RELEASE FNDG. NO 5 '5 B' FRN 14/07/2050	14,550,000	Prime RMBS	10,506,415	2.21
VSK HLDGS. '1 C4-1' VAR 01/10/2058	1,250,000	Prime RMBS	10,057,719	2.12
CHARLES STREET CONDUIT AST. B '1 C' FRN 08/12/2065	9,500,000	Non-Conforming RMBS	9,595,000	2.02
TULPENHUIS SER 19-1 CL A 0.0% 13/09/2053	10,000,000	Prime RMBS	8,981,884	1.89
SYON SECURITIES 19-1 B CLO FLT 19/07/2026	8,979,281	Prime RMBS	8,609,155	1.81
AUTOFLORENCE 1 SRL '1 F' 7.00% 25/12/2042	12,000,000	Auto Loans	8,565,266	1.80
AURORUS 2017 BV '1 G' FRN 11/8/2078	9,200,000	Consumer ABS	8,201,468	1.73
E-CARAT 11 '11 E' FRN 18/05/2028	8,000,000	Auto Loans	7,388,000	1.55
TRINI 2015-1X E '1X E' FRN 15/07/2051	7,283,000	Non-Conforming RMBS	7,098,529	1.49
SC GERMANY CONSUMER 2016-1 UG '1 E' FRN 13/09/2029	7,500,000	Consumer ABS	6,537,617	1.38
TAURUS 2019-1 FR DAC '1FR E' FRN 02/02/2031	7,173,277	CMBS	6,387,983	1.34
CASTELL 2017-1 '1 F' FRN 25/10/2044	6,000,000	Non-Conforming RMBS	5,953,936	1.25
SYON SECS. 19-1 Z FRN 19/07/2026	6,485,095	Prime RMBS	5,660,126	1.19
MAN GLG EURO CLO V DAC '5X E' FRN 15/12/2031	9,700,000	CLO	5,598,292	1.18
CHARLES STREET CONDUIT AST. B '1 B' FRN 08/12/2065	5,500,000	Non-Conforming RMBS	5,541,250	1.17

The full portfolio listing as at 31 March 2020 can be obtained from the Administrator on request.

*** Definition of Terms**
'ABS' – Asset Backed Securities
'CLO' – Collateralised Loan Obligations
'CMBS' – Commercial Mortgage-Backed Securities
'RMBS'- Residential Mortgage-Backed Securities

BOARD MEMBERS

Biographical details of the Directors are as follows:

Trevor Ash – (Chairman) (age 74)
Mr Ash is a resident of Guernsey and has over 30 years of investment experience. He is a Fellow of the Chartered Institute for Securities and Investment. He was formerly a managing director of Rothschild Asset Management (CI) Limited. Mr Ash retired as a director of NM Rothschild & Sons (CI) Limited, the banking arm of the Rothschild Group in the Channel Islands in 1999. Since retirement, he has acted as a director of a number of hedge funds, fund of hedge funds, venture capital, derivative and other offshore funds including several managed or advised by Insight, JP Morgan and Merrill Lynch. Mr Ash was appointed to the Board on 11 January 2013.

Ian Burns – (Non-executive Director, Senior Independent Director and Chairman of the Audit Committee) (age 60)
Mr Burns is a resident of Guernsey and a fellow of the Institute of Chartered Accountants in England and Wales and a member of the Society of Trust and Estate Planners. He is a founder and Executive Director of Via Executive Limited, a specialist management consulting company and managing director of Regent Mercantile Holdings Limited, a privately owned investment company. Mr Burns is currently a non-executive director of London listed River and Mercantile UK Micro Cap Limited and FastForward Innovations Limited (AIM) and a number of private investment funds. Mr Burns was appointed to the Board on 17 January 2013.

Richard Burwood – (Non-executive Director) (age 52)
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. Mr Burwood has lived in Guernsey since 2010, initially working as a portfolio manager for EFG Financial Products, managing the treasury department's ALCO Fixed Income portfolio. From 2011 to 2013, Mr Burwood worked as the Business and Investment Manager for Man Investments, Guernsey. In January 2014, Mr Burwood joined the board of RoundShield Fund, 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, which provides investors access to a diversified pool of SME loans originated through Funding Circle's marketplaces in the UK, US and Europe. Mr Burwood also serves on the boards of Habrok, a hedge fund specialising in Indian equities, and EFG International Finance, a structured note issuance company based in Guernsey. Mr Burwood was appointed to the Board on 17 January 2013.

Joanne Fintzen - (Non-executive Director) (age 50)
Ms Fintzen is a resident of the United Kingdom, with extensive experience of the finance sector and the investment industry. She trained as a Solicitor with Clifford Chance and worked in the Banking, Fixed Income and Securitisation areas. She joined Citigroup in 1999 providing legal coverage to an asset management division. She was subsequently appointed as European General Counsel for Citigroup Alternative Investments where she was responsible for the provision of legal and structuring support for vehicles which invested $100bn across asset-backed securities as well as hedge funds investing in various different strategies in addition to private equity and venture capital funds. Ms Fintzen was appointed to the Board on 7 January 2019.

DISCLOSURE OF DIRECTORSHIPS IN PUBLIC COMPANIES LISTED ON RECOGNISED STOCK EXCHANGES

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

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

STRATEGIC REPORT

For the year ended 31 March 2020

The Directors submit to the Shareholders their Strategic Report for the year ended 31 March 2020.

Business Model and Strategy

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

Investment Objectives and Policy

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

High Income

The Ordinary Redeemable Shares are designed to offer a high dividend yield. The Board intends to pay quarterly interim dividends with equal amounts paid in June, September and December each year, with a final dividend paying the remaining income being paid in March.

It is intended that the Company's income will consist wholly or mainly of investment income. The Directors intend to distribute substantially all of the Company's income after expenses and tax to the holders of the Ordinary Shares.

The full year dividend per share for 2020 totalled 6.40p (2019: 6.45p) representing a yield of 97.65% on the total comprehensive income for the year. This dividend is in accordance with the dividend policy approved by shareholders at an extraordinary shareholders meeting in May 2019.

Long Term Growth in Capital Value

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

Business Environment

Principal Risks, Emerging Risks and Uncertainties

The Board is responsible for the Company's system of internal financial and reporting controls and for reviewing its effectiveness. The Board is satisfied that by using the Company's risk matrix as its core element in establishing the Company's system, internal financial and reporting controls while monitoring the investment limits and restrictions set out in the Company's investment objective and policy, that the Board has carried out a robust assessment of the principal risks and uncertainties facing the Company. The Board also regularly meets to discuss any emerging risks affecting the Company and to establish effective controls to manage them.

Market Risk

The underlying investments comprised in the portfolio are subject to market risk. The Company is therefore at risk that market events may affect performance and in particular may affect the value of the Company's investments which are valued on a marked to market basis. Market risk is risk associated with changes in market prices, including spreads, interest rates, economic uncertainty, changes in laws and political (national and international) circumstances. While the Company, through its investments in Asset Backed Securities, intends to hold a diversified portfolio of assets, any of these factors including specific market events, such as the global financial crisis and levels of sovereign debt, the ongoing negotiations over the UK's exit from the EU and the global COVID-19 pandemic, may have a material impact which could be materially detrimental to the performance of the Company's investments. As the process of the UK leaving the EU has no precedent, the Board and the Portfolio Manager regularly assess the risks and ongoing uncertainties and expect an ongoing period of market uncertainty as the implications are processed.

STRATEGIC REPORT Continued
For the year ended 31 March 2020

Business Environment (continued)
Principal Risks and Uncertainties (continued)
Market Risk (continued)
The implications of the COVID-19 pandemic are discussed in further detail on the following pages.

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

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

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

In the event of a default under an Asset Backed Security, the Company's right to recover under the Asset Backed Security will depend on the ability of the Company to exercise any rights that it has against the borrower under the insolvency legislation of the jurisdiction in which the borrower is incorporated. As a creditor, the Company's level of protection and rights of enforcement may therefore vary significantly from one country to another, may change over time and may be subject to rights and protections which the relevant borrower or its other creditors might be entitled to exercise. Refer to the Investment Objective and Investment Policy on page 3 for information regarding investment restrictions currently in place in order to manage credit risk. The credit ratings on the Company's underlying investments are disclosed in note 17 on page 78.

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

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

STRATEGIC REPORT Continued

For the year ended 31 March 2020

Business Environment (continued)

Principal Risks and Uncertainties (continued)

Reinvestment risk (continued)

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

Operational risks

The Company is exposed to the risk arising from any failures of systems and controls in the operations of the Portfolio Manager, Administrator, AIFM, Custodian and the Depositary amongst others. The Board and its Audit Committee regularly review reports from the Portfolio Manager, AIFM, the Administrator, Custodian and Depositary on their internal controls, in particular, focussing on changes in working practices arising from the present COVID-19 pandemic. The Administrator, Custodian and Depositary will report to the Portfolio Manager any operational issues which will be brought to the Board for final approval as required. Since the COVID-19 pandemic outbreak, service providers have deployed business resilience policies to good effect and thus enabled continued business support with limited disruption to service.

Accounting, legal and regulatory risks

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

Income recognition risk

The Board considers income recognition to be a principal risk and uncertainty of the Company as the Portfolio Manager estimates the remaining expected life of the security and its likely terminal value, which has an impact on the effective interest rate of the Asset Backed Securities which in turn impacts the calculation of interest income. The Board asked the Audit Committee to consider this risk with work undertaken by the Audit Committee as discussed on pages 37 to 40. As a result of the work undertaken by the Audit Committee, the Board is satisfied that income is appropriately stated in all material aspects in the Financial Statements.

Cyber security risks

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

Coronavirus Risk (COVID-19)

Given recent events, COVID-19 changed from being an emerging risk to a principal risk, which has impacted global commercial activities.

STRATEGIC REPORT Continued
For the year ended 31 March 2020

Business Environment (continued)
Other Risks and Uncertainties (continued)
Coronavirus Risk (COVID-19) (continued)
The Board has been monitoring the development of COVID-19 outbreak and has considered the impact it has had to date on the Company, and will continue to have on the future of the Company and the performance of the Portfolio. Notwithstanding the impact the outbreak has already caused on the Company's share price and NAV performance, there remains continued uncertainty about the development and scale of the COVID-19 outbreak.

From an operational perspective, the Company uses a number of service providers. These providers have established, documented and regularly tested Business Resiliency Policies in place, to cover various possible scenarios whereby staff cannot turn up for work at the designated office and conduct business as usual. Since the COVID-19 pandemic outbreak, service providers have deployed these alternative working policies to ensure continued business service.

Future Prospects
The Board's main focus is to generate attractive risk adjusted returns principally through income distributions. The future to the Company is dependent upon the success of the investment strategy. The investment outlook and future developments are discussed in both the Chairman's Statement and the Portfolio Managers' report on pages 8 to 10.

Board Diversity
When appointing new Directors and reviewing the Board composition, the Nomination Committee considers, amongst other factors, diversity, balance of skills, knowledge, gender, social and ethnic background and experience. The Nomination Committee however does not consider it appropriate to establish targets or quotas in this regard. As at 31 March 2020, the Board comprised of one female and three male Directors. The Company has no employees.

Environmental, Social and Governance
The Board") recognises the importance of Environmental, Social and Governance ("ESG") factors in the investment management industry and the wider economy as whole. The Company is a closed-ended investment company with a limited purpose and without employees. As such, it is the view of the Board that the direct environmental and social impact of the Company is limited and that ESG considerations are most applicable in respect of the asset allocation decisions made for its portfolio. The Board is of the view that ESG factors should be considered when making an investment decision. The Company has appointed the Portfolio Manager to advise it in relation to all aspects relevant to the Investment Portfolio. The Portfolio Manager has a formal ESG framework which incorporates ESG factors into its investment process. The Portfolio Manager has an ESG steering group representing all areas of its business, which is governed by its Executive Committee.

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

Engagement and Voting
Wherever possible, on behalf its investors, the Company is committed to actively engaging at a corporate, industry and regulatory level. The Company has contracted the Portfolio Manager to do this. It is noted that the Investment Portfolio is comprised primarily of fixed income assets. The voting rights attributable to these types of securities are usually limited in scope, and the opportunity to engage at a corporate level shall therefore in most cases be via interaction with senior management of companies during the due diligence process.

STRATEGIC REPORT Continued
For the year ended 31 March 2020

Engagement and Voting (continued)
The Company engages on behalf of its investors at industry and regulatory level primarily through its Service Providers, including the Portfolio Manager, the administrator, and through the TFIF membership of the Association of Investment Companies.

Further details of the ESG policies and practices of the Portfolio Manager can be found at:
https://twentyfouram.com/about/our-responsible-investment-policy/
https://twentyfouram.com/about/our-corporate-and-social-responsibility-statement/
https://twentyfouram.com/2019/09/11/esg-at-twentyfour/

Position and Performance

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

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

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

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

- Net Asset Value
- (Losses)/Earnings Per Share
- Share Price
- Discount/Premium to Net Asset Value
- Ongoing Charges
- Dividends Declared

Net Asset Value
The Net Asset Value ("NAV") per Ordinary Redeemable Share, including revenue reserve, at 31 March 2020 was 94.19p, based on net assets as at this date of £475,369,856 divided by number of Ordinary Redeemable Shares in issue of 504,714,809 (31 March 2019: 113.28p based on net assets of £500,465,449 divided by number of Ordinary Redeemable Shares in issue of 441,814,151).

Share Price
The Share Price is the price per share per Ordinary Redeemable Share trading on the London Stock Exchange.

On 31 March 2020, the share price was 88.00p (31 March 2019: 115.28p).

(Loss)/Earnings per Share per Ordinary Redeemable Share – Basic and Diluted
Losses/earnings per Ordinary Redeemable Share is calculated by dividing the net loss for the year of £64,860,249 (31 March 2019: net gain of £6,968,851) by the weighted average number of shares for the year of 503,905,681 (31 March 2019: 402,734,014).

STRATEGIC REPORT Continued
For the year ended 31 March 2020

Position and Performance (continued)

Discount/Premium to NAV

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

On 31 March 2020, the discount to NAV was 6.57% (31 March 2019: premium of 1.77%).

Ongoing Charges

Ongoing charges for the year ended 31 March 2020 have been calculated in accordance with the Association of Investment Companies (the "AIC") recommended methodology. The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs, share issue or buyback costs and non-recurring legal and professional fees, expressed as a percentage of the average of the weekly net assets during the year.

The ongoing charges for the year ended 31 March 2020 were 0.96% (31 March 2019: 0.95%). The ongoing charges were calculated as follows:

	31.03.2020	31.03.2019
	£	£
Ongoing Charges		
Average NAV for the year (a)	562,229,359	461,023,317
Total expenses	5,775,322	4,733,417
Less: Expenses not recognised as part of the AIC Ongoing Charges Methodology	(378,898)	(291,371)
Total recognised expenses (b)	5,396,424	4,442,046
Ongoing Charges (b/a)	0.96%	0.95%

Dividends

The Company maintains a dividend target of 6% of the issue price of 100.00p per year. If the target for the year is not met, a Continuation Vote is required.

STRATEGIC REPORT Continued
For the year ended 31 March 2020

Position and Performance (continued)
Dividends (continued)
The dividend yield for the year ended 31 March 2020 was 6.40% (31 March 2019: 6.45%) meaning that the Company met its dividend target for the current year. During the year the following dividends were paid:

Period to	Dividend rate per Share (£)	Net dividend payable (£)	Record date	Ex-dividend date	Pay date
28 June 2019	0.0150	7,845,962	19 July 2019	18 July 2019	31 July 2019
30 September 2019	0.0150	7,570,722	18 October 2019	17 October 2019	31 October 2019
31 December 2019	0.0150	7,570,722	16 January 2020	17 January 2020	31 January 2020
29 March 2020	0.0190	9,589,581	16 April 2020	17 April 2020	30 April 2020

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

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

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

The Board’s assessment of the Company over the three year period has been made with reference to the Company’s current position and prospects, the Company’s strategy, and the Board’s risk appetite having considered each of the Company’s principal risks, emerging risks and uncertainties summarised on pages 14 to 17.

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

- liquidity analysis, including but not limited to, the changes in liquidity of the Company over time based on the liquidity of the underlying assets;
- foreign exchange analysis, including but not limited to, monitoring the effectiveness of the Company’s foreign exchange hedging strategy;
- credit analysis, including but not limited to, analysing the current credit ratings and credit rating outlooks of the underlying securities by the main rating agencies, as well as sufficient diversification across sectors;
- valuation analysis, including but not limited to, assessing the pricing accuracy of the underlying securities; and
- Significant accounting judgements, estimates and assumptions, including but not limited to, the fair value of securities not quoted in an active market, estimated life of asset backed securities and determination of observable inputs.

STRATEGIC REPORT Continued
For the year ended 31 March 2020

Viability Statement (continued)
In this context, the Board's central case is that the prospects for economic activity will remain such that the investment objective, policy and strategy of the Company will be viable for the foreseeable future through a period of at least three years from the year end, 31 March 2020.

In making this judgement, the Board has assessed that the main risks to the viability of the Company are key global and market uncertainties driven by factors external to the Company which in turn can impact on the liquidity and NAV of the investment portfolio. A simulation has been designed to estimate the impact of these uncertainties on the NAV of the Company at times of stress, such as the UK's exit from the EU and the expected impact of COVID-19, based on historical performance data, using techniques which analyse how changes in the Company's ability to generate income (by assessing different levels of reinvestment rates available as well as changes in FX income generation, over a 3-year period) would impact the annual dividend the Company is able to generate. All of the foregoing has been considered against the background of the Company's dividend target.

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

Dividend Target
The ongoing viability of the Company and the validity of the going concern basis depend on the Company meeting its dividend target annually during the three-year period. In the event that the Company does not meet the dividend target annually, as disclosed in note 20, during the three-year period an Ordinary Resolution will be put to the Shareholders, at the AGM following any reporting period in which the dividend target is not met, with the continuation vote requirements set out in note 17.

The Company's ability to continue to meet its dividend target is further disclosed in the Chairman's Statement on pages 6 and 7.

Realisation Opportunity
The most recent realisation opportunity (full details are set out in note 17 on page 81) occurred on 12 September 2019. The next realisation opportunity is due to occur in September 2022.

Loss for the Year
During the year, the Company made a total comprehensive loss of £64,860,249 (year ended 31st March 2019: a gain of £6,968,851). The majority of these losses were unrealised, were incurred between 21 February 2020 and 31 March 2020 and resulted in an overall fall in the Company's NAV per share of -16.98%. Subsequent to year end, the drop in NAV per share between 21 February 2020 and 30 June 2020 had recovered to -6.81%, evidencing some signs of recovery in the market.

Market Uncertainty
In the period 21 February 2020 to 31 March 2020, the largest contributor to the drop in market value was the Collateralised Loan Obligations ("CLOs") which contributed to a NAV per Share reduction of approximately -12.5% and a total return on the asset class of approximately -36.9%. This class of investment did, however, see the highest level of recovery post year end with the CLOs held by the Company delivering a total return of approximately +40.7% from 31 March 2020 to 30 June 2020, which contributed approximately +11.6% to the overall NAV per Share total return during this post year-end period.

Risk of Credit Losses
The Portfolio Manager acknowledges that the risk of credit impairment and losses has increased due to the Covid-19 pandemic and continues to stress test the holdings of the Company, under new scenarios that specifically address the impact of the pandemic on individual loan pools, and analyse the performance of the underlying investments. Whilst future coupon interest deferrals may be seen on some specific deals, primarily CLOs, to date the Company expects any deferrals to be fully paid during the lifetime of each deal and that no credit losses are expected to occur , based on current information, on all investments that the Company holds.

STRATEGIC REPORT Continued
For the year ended 31 March 2020

Viability Statement (continued)
Risk of Credit Losses (continued)
Between 31 March 2020 and the date of signing, the Company's portfolio witnessed no defaults and no deferrals of interest payments.

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

Further information as to how the Board has had regard to the S172 factors:

Section 172 factor	Key examples	Location
Consequences of decisions in the long term	Investment Objectives and Policy Future Prospects Dividend policy Viability Statement	Summary Information Strategic Report Note 20 Strategic Report
Fostering business relationships with suppliers, customers and other stakeholders	Shareholders; Key Service Providers	Strategic Report; AGM; Monthly Factsheet and Commentary
Impact of operations on the community and the environment	Environmental, Social and Governance	Strategic Report
Maintaining high standard of business conduct	Corporate Governance	Directors' Report

Key Service Providers
The Company does not have any employees and as such the Board delegates responsibility for its day to day operations to a number of key service providers. The activities of each service provider are closely monitored by the Board and they are required to report to the Board at set intervals.

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

Signed on behalf of the Board of Directors on 21 July 2020 by:

Trevor Ash
Chairman

Ian Burns
Director

DIRECTORS' REPORT

The Directors present their Annual Report and Audited Financial Statements for the year ended 31 March 2020.

Business Review

The Company

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

Investment Objective and Policy

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

Discount/Premium to NAV

The Board monitors and manages the level of the share price discount/premium to NAV. In managing this, the Company operates a share buyback facility whereby it may purchase, subject to various terms as set out in its Articles and in accordance with The Companies (Guernsey) Law, 2008, up to 14.99% of the Company's Ordinary Redeemable Shares in issue immediately following Admission for trading on the London Stock Exchange. On 12 September 2019, a realisation opportunity was made under which investors were offered an opportunity to realise all or part of their Shareholding in the Company, with Shareholders opting to redeem 18,349,342 shares for a consideration of £20,050,326. Subsequently, the realisation opportunity, where shareholders may apply to redeem shares up to 56 days before the relevant annual general meeting date of the Company (the "Reorganisation Date"), will be offered at the annual general meeting of the Company every three years subject to the aggregate NAV of the continuing Ordinary Redeemable Shares on the last Business Day before Reorganisation being not less than £100 million.

The next realisation opportunity is due to take place in September 2022.

Following the publication of the updated AIC Code in February 2019, in the event that 20% or more of the Shareholder votes have been cast against a Board recommendation for a resolution, the Company should explain, when announcing the voting results, what actions it intends to take to consult Shareholders in order to understand the reasons behind the result. An update on the views received from Shareholders and actions taken should be published no later than six months after the Shareholder meeting. The Board should then provide a final summary in the annual report and, if applicable, in the explanatory notes to resolutions at the next Shareholder meeting on what impact the feedback has had on any decision, action or resolution subsequently proposed. There were no Board recommendations during the year which received such voting.

Shareholder Information

Shareholder information is set out in the Summary Information on page 5.

Going Concern

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

The Company also achieved its dividend target of 6% of the issue price for the year ended 31 March 2020, meaning that as per the Company's Articles, a Continuation Vote is not required.

The Company's continuing ability to continue meeting its dividend target, along with the Company's ability to continue as a going concern, in light of the COVID-19 pandemic has been considered as part of the Viability Statement on pages 20 to 22. No material doubts to going concern have been identified.

Going Concern (continued)
On 31 March 2020, the Company's cash balance was 0.30% of total net assets (2019: 7.29%).

Post-year end, the Company has maintained a positive cash balance and continues to meet liabilities when they fall due. The Portfolio Manager considers that cash management plays a key part in the management of the fund and continuingly monitors such liabilities, such as the Company's quarterly dividends.

Results
The results for the year are set out in the Statement of Comprehensive Income on page 56. The Directors proposed dividends of £32,576,987 in respect of income available for distribution earned during the year ended 31 March 2020, a breakdown of which can be found in note 20 on page 86. Dividends declared during the year amount to £31,822,157 as recognised in the Statement of Changes in Equity.

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

The Company pays a dividend based on income earned, therefore even though the retained earnings balance as at 31 March 2020 was negative, this was caused by unrealised losses incurred towards the end of the year. These losses started to recover post year-end and have not affected the Company's ability to meet its dividend target.

Portfolio Manager
The Company entered into a Portfolio Management Agreement with TwentyFour Asset Management LLP, the Portfolio Manager, on 29 May 2014. Pursuant to this agreement, the Portfolio Manager is entitled to a portfolio management fee paid monthly in arrears, at a rate of 0.75% per annum of the lower of NAV, which is calculated as of the last business day of each month, or market capitalisation of each class of shares. For additional information, refer to note 15 on page 72.

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

Alternative Investment Fund Manager
Alternative investment fund management services have been provided by Maitland Institutional Services Limited ("Maitland") since their appointment as Alternative Investment Fund Manager ("AIFM") on 29 May 2014. The AIFM fee is payable quarterly in arrears at a rate of 0.07% of the NAV of the Company below £50 million, 0.05% on Net Assets between £50 million and £100 million and 0.03% on Net Assets in excess of £100 million. For additional information refer to note 16 on page 72.

Custodian and Depositary
Custodian and Depositary services are provided by Northern Trust (Guernsey) Limited. The terms of the Depositary agreement, allow Northern Trust (Guernsey) Limited to receive professional fees for services rendered. For additional information, refer to note 16 on page 72.

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

DIRECTORS' REPORT Continued

Directors' and Other Interests

As at 31 March 2020, Directors of the Company held the following numbers of Ordinary Redeemable Shares beneficially:

	Number of Shares 31.03.20	Number of Shares 31.03.19
Trevor Ash	58,734	50,000
Ian Burns	29,242	29,242
Richard Burwood	22,476	5,000
Joanne Fintzen	17,476	-

Corporate Governance

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

The UK Listing Authority requires all UK premium listed companies to disclose how they have complied with the provisions of the UK Code. This Corporate Governance Statement, together with the Going Concern Statement, Viability Statement and the Statement of Directors' Responsibilities set out on pages 33 to 34, indicate how the Company has complied with the principles of good governance of the UK Code and its requirements on Internal Control.

The Company is a member of the AIC and by complying with the 2019 AIC Code of Corporate Governance ("the AIC Code") is deemed to comply with both the UK Code and the GFSC Code.

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

The AIC updated its Code on 5 February 2019 to reflect revised Principles and Provisions included in the UK Corporate Governance Code which was revised in 2018. These changes applied from March 2019 onwards

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

Throughout the year ended 31 March 2020, the Company has complied with the recommendations of the 2019 AIC Code and thus the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the Chief Executive;
- Executive Directors' remuneration;
- Annually assessing the need for an internal audit function;
- The means for the workforce to raise concerns
- Remuneration Committee; and
- Nomination Committee.

DIRECTORS' REPORT Continued

Corporate Governance (continued)
For the reasons set out in the AIC Guide, the Board considers the first three provisions are not relevant to the position of the Company as it is an externally managed investment company. The Company has therefore not reported further in respect of these provisions. The Board is satisfied that any relevant issues can be properly considered by the Board.

The fourth point is not applicable to the Company, as it has no employees.

The Board, as a whole, fulfils the function of a Nomination and Remuneration Committee and therefore no separate Nomination or Remuneration Committees are considered necessary, as disclosed on page 29.

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

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

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

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

The Board's responsibilities for the Annual Report and Audited Financial Statements are set out in the Statement of Directors' Responsibilities on pages 33 to 34.

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

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

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

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

The current Company policy for the maximum tenure of Chairman is nine years, which is in accordance with the AIC Code.

Biographies of all the Directors can be found on page 12.

DIRECTORS' REPORT Continued

Board Role and Composition

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

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

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

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

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

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

Directors' Attendance at Meetings

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

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

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

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

DIRECTORS' REPORT Continued

Directors' Attendance at Meetings (continued)
Between formal meetings there is regular contact with the Portfolio Manager, AIFM, Administrator, Custodian and Depositary and the Corporate Broker.

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

	Quarterly Board Meetings		Audit Committee Meetings		Management Engagement Committee Meetings		Ad hoc Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Trevor Ash	4	4	3	3	1	1	7	6
Ian Burns	4	4	3	3	1	1	7	5
Richard Burwood	4	4	3	3	1	1	7	5
Joanne Fintzen	4	4	3	3	1	1	7	6

The number of meetings held indicates the meetings held during each Director's membership of the relevant Board or Committee during the year ended 31 March 2020.

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

Retirement and Re-Election
Under the terms of their appointment, each Director is required to seek re-election on an annual basis. At the 19 September 2019 Annual General Meeting, Trevor Ash, Ian Burns and Richard Burwood were re-elected to the Board. At the same Annual General Meeting, Joanne Fintzen was elected to the Board for the first time, having been appointed Director on 7 January 2019. The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a director of the Company becoming effective.

Election of Directors
The election of Directors is set out in the Directors' Remuneration Report on pages 35 and 36.

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

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

DIRECTORS' REPORT Continued

Board Committees and their Activities

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

Management Engagement Committee
The Board has established a Management Engagement Committee with formal duties and responsibilities. The Management Engagement Committee commits to meeting at least once a year and comprises the entire Board, with Richard Burwood serving as Chairperson. These duties and responsibilities include the regular review of the performance of and contractual arrangements with the Portfolio Manager and other service providers and the preparation of the Committee's annual opinion as to the Portfolio Manager's services.

The Management Engagement Committee carried out a review of the performance and capabilities of the Portfolio Manager and other service providers at its 19 September 2019 meeting and recommended the continued appointment of TwentyFour Asset Management LLP as Portfolio Manager is in the interest of Shareholders. The Committee also recommended that the appointment of all the Company's current service providers should continue.

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

Further details on the Audit Committee can be found in the Audit Committee Report on pages 37 to 40.

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

Remuneration Committee
In view of its non-executive and independent nature, the Board considers that it is not appropriate for there to be a separate Remuneration Committee. The Board as a whole fulfils the functions of the Remuneration Committee, although the Board has included a separate Directors' Remuneration Report on pages 35 to 36 of these Financial Statements.

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

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

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

DIRECTORS' REPORT Continued

Strategy
The strategy for the Company is to target less liquid, higher yielding asset backed securities. These securities, whilst fundamentally robust, do not offer enough liquidity for use in the typical daily mark-to-market UCITs funds, but are well suited to a traded closed-ended vehicle, where investors can obtain liquidity by trading shares on the London Stock Exchange. This part of the fixed income market has been largely overlooked and therefore represents attractive relative value. The strategy aims to generate a dividend in the Reporting Period ending 31 March 2020 of 6 pence per Ordinary Share and in each subsequent Reporting Period such Dividend Target as the Directors determine at their absolute discretion from time to time, with all excess income being distributed to investors at the year-end of the Company.

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

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

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

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

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

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

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

DIRECTORS' REPORT Continued

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

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

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

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

Significant Shareholdings
Shareholders with holdings of more than 3.0% of the Ordinary Shares of the Company at 4 June 2020 (latest available) were as follows:

	Number of shares	Percentage of issued share capital
Aviva Investors	46,194,873	9.08%
Investec Wealth & Investment	39,510,733	7.77%
Premier Milton Investors	37,735,113	7.42%
Brewin Dolphin, stockbrokers	35,454,990	6.97%
Fidelity International	26,971,425	5.30%
Aberdeen Standard Investments	26,521,261	5.22%
Baillie Gifford	25,256,279	4.97%
Charles Stanley	20,782,160	4.09%
Killik, stockbrokers	17,932,523	3.53%
BMO Global Asset Management (UK)	16,157,404	3.18%
Canaccord Genuity Wealth Management (ND)	15,456,571	3.04%

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

DIRECTORS' REPORT Continued

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

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

Signed on behalf of the Board of Directors on 21 July 2020 by:

Trevor Ash	**Ian Burns**
Chairman	**Director**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES Continued

The Directors confirm that to the best of their knowledge:

(a) The Financial Statements have been prepared in accordance with IFRS and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as at and for the year ended 31 March 2020; and

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

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

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

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

By order of the Board

Trevor Ash
Chairman
21 July 2020

Ian Burns
Director

DIRECTORS' REMUNERATION REPORT

The Directors' remuneration report has been prepared on behalf of the Directors in accordance with the UK Code as issued by the UK Listing Authority. An ordinary resolution for the approval of the annual remuneration report will be put to the Shareholders at the AGM to be held on 23 September 2020.

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

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

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

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

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

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

In the year ended 31 March 2020, the Directors received the following annual remuneration in the form of Directors' fees:

	Annual Fee	**Additional Fees**	**Total Fees**
	£	**£**	**£**
Trevor Ash (Chairman of the Board)	40,000	5,000	45,000
Ian Burns (Audit Committee Chairman)	37,500	5,000	42,500
Richard Burwood	35,000	5,000	40,000
Joanne Fintzen	35,000	5,000	40,000
Total	147,500	20,000	167,500

The annual fees are £40,000 for the Chairman, £37,500 for Audit Committee Chairman, and £35,000 for all other Directors.

In May 2019, each Director received a further £5,000 each in relation to additional work carried out on the issue of new shares.

The remuneration policy set out above is the one applied for the year ended 31 March 2020 and is not expected to change in the foreseeable future.

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

DIRECTORS' REMUNERATION REPORT Continued

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

Under the terms of their appointment, each Director is required to seek re-election on an annual basis. At the 19 September 2019 Annual General Meeting, Trevor Ash, Ian Burns and Richard Burwood were re-elected to the Board. At the same Annual General Meeting, Joanne Fintzen was elected to the Board for the first time, having been appointed Director on 7 January 2019. The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a director of the Company becoming effective.

The amounts payable to Directors shown in note 15 were for services as non-executive Directors.

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

Signed on behalf of the Board of Directors on 21 July 2020 by:

Trevor Ash
Chairman

Ian Burns
Director

AUDIT COMMITTEE REPORT

On the following pages, we present the Audit Committee's Report, setting out the responsibilities of the Audit Committee and its key activities for the year ended 31 March 2020.

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

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

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

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

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

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

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

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

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

Fraud, Bribery and Corruption
The Audit Committee, in conjunction with the Management Engagement Committee, has relied on the overarching requirement placed on the service providers under the relevant agreements to comply with applicable law, including anti-bribery laws. A review of the service provider policies took place at the Management Engagement Committee Meeting, held on 19 September 2019. The Board receives regular confirmation from all service providers that there has been no fraud, bribery or corruption.

AUDIT COMMITTEE REPORT Continued

Financial Reporting and Significant Financial Issues

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

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

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

(i) Valuation of investments:

The Company's investments had a fair value of £481,313,740 as at 31 March 2020 (31 March 2019: £491,596,605) and represent a substantial portion of net assets of the Company. As such this is the largest factor in relation to the consideration of the Financial Statements. These investments are valued in accordance with the accounting policies set out in note 2 to the Financial Statements. In March 2020, the committee carried out an on-site review of the revaluation processes, systems and controls at the London offices of the Portfolio Manager. By this and through regular reporting during the year by the Portfolio Manager, AIFM, Administrator, Custodian and Depositary the Audit Committee satisfied itself that both the sources of price information and valuation process itself are robust and reliable, and considered the valuation of the investments held by the Company as at 31 March 2020 to be reasonable.

(ii) Income Recognition:

The Audit Committee considered the calculation of income from investments recorded in the Financial Statements as at 31 March 2020. As disclosed in note 3(ii)(b) of the Notes to the Financial Statements on page 65, the estimated life of Asset Backed Securities is determined by the Portfolio Manager, impacting the effective interest rate of the Asset Backed Securities which in turn impacts the calculation of income from investments. The Audit Committee reviewed the Portfolio Manager's process for determining the expected life of the Company's investments and found it to be reasonable based on the explanations provided and information obtained from the Portfolio Manager. The Audit Committee is therefore satisfied that income is correctly stated in the Financial Statements.

As the extent of COVID-19 and its impact become ever more apparent the Audit Committee has also been working very closely with the Portfolio Manager to ensure the annual report and accounts remain valid and reflect Company's position as at the date of signing.

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

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

AUDIT COMMITTEE REPORT Continued

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

The Audit Committee is satisfied that the judgements made by the Portfolio Manager and Administrator are reasonable, and that appropriate disclosures have been included in the Financial Statements.

Going Concern
The going concern basis can be found in the Directors' Report on page 23.

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

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

During the year, the Committee performed its annual review of the independence, effectiveness and objectivity of the external auditor and considered the Financial Reporting Council's ("FRC") Audit Quality Review of PwC's previous audit work. The Committee concluded that the effectiveness of the external auditor and the audit process were satisfactory and recommend to the Board the reappointment of PwC as external auditor for the 2020 financial year. Roland Mills became engagement partner for the 31 March 2019 audit.

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

The following tables summarise the remuneration paid to PwC and to other PwC member firms for audit and non-audit services during the year ended 31 March 2020 and the year ended 31 March 2019.

	01.04.19 to 31.03.20	01.04.18 to 31.03.19
PricewaterhouseCoopers CI LLP - Assurance work	£	£
- Annual audit	66,000	57,000
- Interim review	19,000	17,550
PricewaterhouseCoopers CI LLP - Non-assurance work		
- Report accountant services for the new share issue on 12 September 2019	60,000	-
- Reportable Income calculation	8,000	8,000
Ratio of audit to non-audit work	**1 : 1.32**	**1 : 0.5**

AUDIT COMMITTEE REPORT Continued

The Audit committee has regular discussions with the auditor regarding their ongoing independence. The Audit Committee have noted the Revised Ethical Standard 2019 issued by the FRC in December 2019 have confirmed with the auditor that the impact on the current relationship with the auditor will remain largely unaffected with the largest impact being that the Reportable Income Distribution work undertaken above will have to be undertaken in future periods by a separate service provider and the Audit Committee will nominate and appoint a new service provider in due course.

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

The Audit Committee Report was approved by the Audit Committee on 21 July 2020 and signed on behalf by:

Ian Burns
Chairman, Audit Committee
21 July 2020

ALTERNATIVE INVESTMENT FUND MANAGER'S REPORT

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

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

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

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

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

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

AIFM Remuneration

The AIFM is subject to a staff remuneration policy which meets the requirements of the AIFMD. The policy is designed to ensure remuneration practices are consistent with, and promote, sound and effective risk management. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or instrument of incorporation of the funds managed, and does not impair the AIFM's compliance with its duty to act in the best interests of the funds it manages.

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

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

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

ALTERNATIVE INVESTMENT FUND MANAGER'S REPORT Continued

AIFM Remuneration

	Number of Beneficiaries	Fixed	Variable
Total remuneration paid by the ACD during the year	85	£5,516,000	£42,920
Remuneration paid to employees who are material risk takers	4	£909,000	£2,500

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

In so far as the AIFM is aware:

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

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

C O'Keeffe
P.F. Brickley
Directors
Maitland Institutional Services Ltd
21 July 2020

REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS

for the year ended 31 March 2020

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

We have enquired into the conduct of Maitland Institutional Services Limited (the “AIFM”) and the Company for the year ended 31 March 2020, in our capacity as Depositary to the Company.

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

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

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

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

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

Basis of Depositary Review

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

REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS Continued
for the year ended 31 March 2020

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

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

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

For and on behalf of
Northern Trust (Guernsey) Limited

For and on behalf of
Northern Trust (Guernsey) Limited
21 July 2020

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

Report on the audit of the financial statements

Our opinion
In our opinion, the financial statements give a true and fair view of the financial position of TwentyFour Income Fund Limited (the "company") as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The company's financial statements comprise:

- the statement of financial position as at 31 March 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

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

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

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

Our audit approach
Overview

Materiality
- Overall materiality was £8.1 million which represents 1.75% of net assets.

Audit scope
- The company is incorporated and based in Guernsey.
- We conducted our audit of the financial statements from information provided by Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator") to whom the Board of directors (the "Board") has delegated the administration function. The company engages TwentyFour Asset Management LLP (the "Portfolio Manager") to manage the investment portfolio. We had significant interaction with both the Administrator and the Portfolio Manager during our audit.
- We conducted all of our audit work in Guernsey.

Key audit matters
- Risk of fraud in interest income on financial assets at fair value through profit or loss.
- Valuation of investments.
- The Board's consideration of the potential impact of COVID-19.

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF TWENTYFOUR INCOME FUND LIMITED

Audit scope

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

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

Materiality

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

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

Overall Company materiality	£8.1 million (2019: £11.3 million)
How we determined it	1.75% of net assets (2019: 2.25% of net assets)
Rationale for the materiality benchmark	We believe that net assets is the most appropriate benchmark because this is the key metric of interest to investors. We reduced materiality for the current year end to reflect the increase in fraud and other risks that uncertain and volatile financial markets can have on businesses.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £404,500, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

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

Key audit matter	How our audit addressed the Key audit matter
Risk of fraud in interest income on financial assets at fair value through profit or loss Interest income earned in respect of financial assets designated as at fair value through profit or loss is recognised in the statement of comprehensive income using the effective interest rate method (£33.0 million) as set out in note 2(i) to the financial statements. The requirement to estimate the expected cash flows when forming an effective interest rate model is subject to significant management estimate and judgement, as detailed in note 3(ii)(b) to the financial statements and could be open to manipulation by management. As a result, we have designated the risk of fraud in interest income on financial assets at fair value through profit or loss (the Asset Backed Securities) as a significant audit risk.	• We assessed the accounting policy for the recognition of interest income for compliance with International Financial Reporting Standards and planned and executed our audit procedures to ensure that interest income had been accounted for in accordance with the stated accounting policy. • We held discussions with the Portfolio Manager to understand and evaluate the processes in place for recognising interest income and to understand the estimates made by the Portfolio Manager in respect of the expected life of the Asset Backed Securities, expected timing of prepayments and expected defaults. • On a sample basis, we verified key inputs into the effective interest rate models prepared by the Portfolio Manager and adopted by the company. We also verified through recalculation the arithmetic accuracy of the models and the resultant interest income summary prepared by the Portfolio Manager. • In assessing the Portfolio Manager's estimates with respect to the expected life of the Asset Backed Securities, expectations on timing of prepayments, expected defaults and the impact of COVID-19 thereon, we obtained supporting documentation to corroborate the Portfolio Manager's estimates on a sample basis. • We also selected a targeted sample of securities to assess if there had been any significant changes to the expected repayment dates from the prior year. Where there had been changes, we obtained supporting explanations and analysis to support those changes. No significant issues or concerns were identified in our testing which required reporting to those charged with governance.
Valuation of investments Investments are designated as financial assets at fair value through profit or loss and are disclosed separately on the statement of financial position (£481.3 million).	• We understood and evaluated the internal control environment in place at the Administrator and the Portfolio Manager over the valuation of the investment portfolio.

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

Key audit matter	How our audit addressed the Key audit matter
Investments comprise of a diverse portfolio of Asset Backed Securities and are fair valued in accordance with the policies set out in note 2(e) to the financial statements, and the fair value of investments and movement therein are further disclosed in notes 9 and 17 respectively. Investments represent the most significant balance on the statement of financial position and are not listed. Investment valuations are subject to estimate based on management's judgements and assumptions underlying each security, as detailed under note 3(ii)(a) to the financial statements. Owing to the level of subjectivity that could be applied in fair valuing investments, the risk of manipulation or error could be material and as a result we have designated the valuation of investments as a significant audit risk.	• We assessed the accounting policy for investment valuation for compliance with International Financial Reporting Standards and planned and executed our audit procedures to ensure that the valuation of investments were accounted for in accordance with the stated accounting policy. • We tested the valuation of investments by using PwC UK's asset pricing team to reprice all of the investment portfolio valuations. Prices were obtained by our pricing team from a range of sources, including exchange traded and consensus prices. Where PwC UK's asset pricing team were unable to obtain independent prices (either due to licensee access restrictions or the fact that certain investments are bespoke privately priced deals), or where the prices obtained by PwC UK's asset pricing team exceeded our initial tolerable variance threshold per investment (i.e. the initial threshold for differences between the values reported and the repricing obtained for which we undertake further investigation), the engagement team sought and received supporting evidence for these specific prices from the Administrator and/or the Portfolio Manager. In doing so, we also assessed the independence, reputation and reliability of the sources of the supporting evidence provided in these instances. All variances exceeding our tolerable threshold were evaluated as being reasonable in light of the supporting evidence obtained and evaluated. • In executing our investment repricing testing, where we noted that investments were based on prices published at dates prior to the reporting date, we performed additional audit procedures so as to ensure that updated prices had been received subsequent to the year end, and that those prices were not materially different to the prices used at the reporting year end.

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

Key audit matter	How our audit addressed the Key audit matter
	• In order to determine the ongoing reliability of the investment valuations from year to year, we also, for a sample of disposals, compared the sales transaction price to the most recently recorded valuation prior to the disposal, which allowed us to assess the reliability of the valuation data and process for the previous valuation point. • During the year, the Board refined their investment fair value hierarchy policy (the hierarchy disclosure required by International Financial Reporting Standards), which saw more granularity applied in deciding about what observable inputs are used in determining whether a price of an investment is level 3 (based on unobservable data) or level 2 (unquoted but based on observable data for the same / similar instruments). We obtained the Board's approved fair value hierarchy policy and we engaged with the Board and the Portfolio Manager to understand the drivers for amending the principles therein. We also tested the Portfolio Manager's year-end process for assigning an appropriate level to each security in accordance with the policy, by evaluating a sample of the fair value hierarchy changes from Level 3 to Level 2. • We also discussed and evaluated management's approach to assessing and, if necessary, measuring the impact of COVID-19 on the fair value of the investment portfolio. No significant issues or concerns were noted with regard to the valuation of financial assets at fair value through profit or loss which required reporting to those charged with corporate governance.

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

Key audit matter	How our audit addressed the Key audit matter
The Board’s consideration of the potential impact of COVID-19 The Board and the Portfolio Manager have considered the potential impact of events that have been caused by the pandemic, COVID-19, on the current and future operations of the company. In doing so, the Board together with the Portfolio Manager have made estimates and judgements that are critical to the outcomes of these considerations with a particular focus on the company’s ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. As a result of the impact of COVID-19 on the wider financial markets and the company’s share price, we have determined the Board’s consideration of the potential impact of COVID-19 (including their associated estimates and judgements) to be a key audit matter.	• We obtained from the Portfolio Manager and Board the latest assessment and conclusions with respect to the statements of going concern and viability respectively. • We discussed with the Portfolio Manager and the Board the critical estimates and judgements applied in their latest assessments so we could understand and challenge the rationale and underlying factors incorporated and the sensitivities applied as a result of COVID-19. • We inspected the viability assessment provided to evaluate its consistency with our understanding of the operations of the company, the investment portfolio and with any market commentary already made by the Portfolio Manager. • We considered the appropriateness of the disclosures made by the Portfolio Manager and the Board in respect of these assessments including the current and potential impact of COVID-19. • We confirmed that the directors have analysed and are satisfied with the business continuity plans of all key service providers as part of their COVID-19 operational resilience review.

Key audit matter	How our audit addressed the Key audit matter
	• In discussing, challenging and evaluating the estimates and judgments made by the Portfolio Manager and the Board, we noted the following factors that were considered to be fundamental in their consideration of the potential impact of COVID-19 on the current and future operations of the company and which support the statements of going concern and viability respectively: - In the period from 21 February to 31 March 2020, the Board noted the company's NAV per share was negatively impacted by the market volatility caused by COVID-19, dropping by 17% in March 2020 (predominantly driven by the valuation of the collateralised loan obligations ("CLOs") in the portfolio, which contributed an overall drop of 13% in the NAV). However, the Board considered the fact that the NAV had largely recovered, increasing by 10% during the three months post year end (the CLOs had recovered significantly, contributing a 11% increase in NAV per share) as a positive indicator to support both the viability and going concern assessments of the company; - The Board have confirmed with the company's service providers that they have appropriate business continuity plans in place and that they have shifted to working from home or other flexible working arrangements. The Board have deemed these business continuity plans to be operating effectively, especially in Guernsey where there have been no new cases of COVID-19 reported for over 70 days. The Portfolio Manager, Board and Administrator do not anticipate any issues and staff working from home have access to all relevant systems and functionalities; - As at 31 March 2020 the Board noted that the company had cash and cash equivalents of 0.30% of total net assets, and that post year end the company has maintained a positive cash balance and continues to meet liabilities when they fall due; and - Subsequent to the year end, the company has also raised, with the authority of the Board, additional capital of £3.5m by issuing 3.8m shares, which the Board believes further demonstrates the company's viability to investors. Based on our procedures and the information available at the time of the Board's approval of the financial statements, we have not identified any matters to report with respect to the Board's consideration and disclosure of the impact of COVID-19 on the current and future operations of the company.

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

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

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

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

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

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

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

INDEPENDENT AUDITOR’S REPORT Continued

TO THE MEMBERS OF TWENTYFOUR INCOME FUND LIMITED

Auditor’s responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern, and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Use of this report

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

INDEPENDENT AUDITOR'S REPORT Continued

TO THE MEMBERS OF TWENTYFOUR INCOME FUND LIMITED

Report on other legal and regulatory requirements

Company Law exception reporting
Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

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

We have nothing material to add or draw attention to in respect of the following matters which we have reviewed based on the requirements of the Listing Rules of the FCA:

- The directors' confirmation that they have carried out a robust assessment of the principal and emerging risks facing the company, including a description of the principal risks, what procedures are in place to identify emerging risks, and an explanation of how those risks are being managed or mitigated, and
- The directors' explanation as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal and emerging risks facing the company and the directors' statement in relation to the longer-term viability of the company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge and understanding of the company and its environment obtained in the course of the audit.

INDEPENDENT AUDITOR'S REPORT Continued

TO THE MEMBERS OF TWENTYFOUR INCOME FUND LIMITED

Report on other legal and regulatory requirements (continued)

Listing Rules of the Financial Conduct Authority (FCA) (continued)
Additionally, we have nothing to report in respect of our responsibility to report when:

- The directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit;
- The statement given by the directors that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the company's position and performance, business model and strategy is materially inconsistent with our knowledge of the company obtained in the course of performing our audit;
- The section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee, and
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Roland Mills
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
21 July 2020

STATEMENT OF COMPREHENSIVE INCOME
for the year ended from 31 March 2020

	Note	01.04.19 to 31.03.20 £	01.04.18 to 31.03.19 £
Income			
Interest income on financial assets at fair value through profit and loss		32,952,196	27,168,323
Net foreign currency (losses)/gains	8	(7,819,207)	7,321,109
Net losses on financial assets at fair value through profit or loss	9	(84,217,916)	(22,787,164)
Total income		(59,084,927)	11,702,268
Portfolio management fees	15	(4,228,263)	(3,462,140)
Directors' fees	15	(167,500)	(138,917)
Administration and secretarial fees	16	(280,875)	(236,007)
Audit fees		(66,000)	(57,000)
Custody fees	16	(56,377)	(46,696)
Broker fees		(54,167)	(45,895)
AIFM management fees	16	(199,294)	(174,555)
Depositary fees	16	(78,012)	(65,143)
Legal and professional fees		(55,911)	(337,373)
Listing fees		(92,079)	(59,300)
Registration fees		(45,635)	(26,857)
Other expenses		(451,209)	(83,534)
Total expenses		(5,775,322)	(4,733,417)
Total comprehensive (loss)/income for the year		(64,860,249)	6,968,851
(Loss)/Earnings per Ordinary Redeemable Share - Basic & Diluted	4	(0.1287)	0.0173

All items in the above statement derive from continuing operations.

The notes on pages 60 to 87 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION
as at 31 March 2020

	Note	31.03.2020 £	31.03.2019 £
Assets			
Current assets			
Financial assets at fair value through profit and loss			
- Investments	9	481,313,740	491,596,605
- Derivative assets: Forward currency contracts	18	14,398,192	52,575
Amounts due from broker		-	3,908,529
Amounts due from shares issued		-	3,456,600
Other receivables	10	3,737,798	3,112,577
Cash and cash equivalents		1,409,267	36,505,984
Total assets		500,858,997	538,632,870
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit and loss			
- Derivative liabilities: Forward currency contracts	18	1,374,030	1,919,402
Amounts payable under repurchase agreements	12	23,175,944	-
Amounts due to brokers		-	35,401,772
Other payables	11	939,167	846,247
Total liabilities		25,489,141	38,167,421
Net assets		475,369,856	500,465,449
Equity			
Share capital account	13	530,491,915	459,436,544
Retained earnings		(55,122,059)	41,028,905
Total equity		475,369,856	500,465,449
Ordinary Redeemable Shares in issue	13	504,714,809	441,814,151
Net Asset Value per Ordinary Redeemable Share (pence)	6	94.19	113.28

The Financial Statements on pages 56 to 87 were approved by the Board of Directors on 21 July 2020 and signed on its behalf by

Trevor Ash
Chairman

Ian Burns
Director

The notes on pages 60 to 87 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

	Note	Share capital account £	Retained earnings £	Total £
Balances at 1 April 2019		459,436,544	41,028,905	500,465,449
Issue of shares	13	93,123,125	-	93,123,125
Redemption of shares	13	(20,050,326)	-	(20,050,326)
Share issue costs	13	(1,485,986)	-	(1,485,986)
Dividend paid		-	(31,822,157)	(31,822,157)
Income equalisation on new issues	5	(531,442)	531,442	-
Total comprehensive loss for the year		-	(64,860,249)	(64,860,249)
Balances at 31 March 2020		530,491,915	(55,122,059)	475,369,856

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

The notes on pages 60 to 87 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

for the year ended 31 March 2020

	Note	01.04.19 to 31.03.20 £	from 01.04.18 to 31.03.19 £
Cash flows from operating activities			
Total comprehensive income for the year		(64,860,249)	6,968,851
Adjustments for:			
Net losses on investments	9	84,217,916	22,787,164
Amortisation adjustment under effective interest rate method	9	(4,951,929)	(4,906,589)
Unrealised (gains)/losses on forward currency contracts	8	(14,890,989)	5,799,890
Exchange gains on cash and cash equivalents		(28,227)	(6,700)
Decrease in other receivables		(625,221)	(267,894)
Increase/(decrease) other payables		172,412	(662)
Purchase of investments		(467,441,266)	(303,568,916)
Sale of investments		366,964,901	277,963,536
Net cash (used in)/generated from operating activities		(101,442,652)	4,768,680
Cash flows from financing activities			
Proceeds from issue of Ordinary Redeemable Shares		96,579,725	49,553,850
Redemption of Ordinary Redeemable Shares		(20,050,326)	-
Share issue costs		(1,565,478)	(530,128)
Dividend paid		(31,822,157)	(28,917,363)
Increase in amounts payable under repurchase agreements		23,175,944	-
Net cash inflow from financing activities		66,317,708	20,106,359
(Decrease)/Increase in cash and cash equivalents		(35,124,944)	24,875,039
Cash and cash equivalents at beginning of the year		36,505,984	11,624,245
Exchange gains on cash and cash equivalents		28,227	6,700
Cash and cash equivalents at end of the year		1,409,267	36,505,984

The notes on pages 60 to 87 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020

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 pages 3 to 5.

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

2. Principal Accounting Policies

a) Statement of Compliance

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

b) Presentation of Information

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

c) Standards, Amendments and Interpretations Effective during the Year

At the reporting date of these Financial Statements, the following standards, interpretations and amendments, were adopted for the year ended 31 March 2020:

- IFRS 16 Leases

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

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

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

- IFRS 17 Insurance Contracts (Effective 1 January 2021)

The Company expects that the adoption of IFRS 17 in the future period will not have an impact on the Company's Financial Statements, as it does not hold any insurance contracts.

e) Financial Assets at Fair Value through Profit or Loss

Classification

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

2. Principal Accounting Policies (continued)

e) Financial Assets at Fair Value through Profit or Loss (continued)

Classification (continued)

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

Recognition, Derecognition and Measurement

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

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

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

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

Fair Value Estimation

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

i) Asset Backed Securities Traded or Dealt on an Active Market or Exchange

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

ii) Asset Backed Securities not Traded or Dealt on an Active Market or Exchange

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

Forward foreign currency contracts

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

2. Principal Accounting Policies (continued)

f) Offsetting Financial Instruments

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

g) Sale and Repurchase Agreements

Securities sold subject to repurchase agreements are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or re-pledge the collateral. The counterparty liability is included under 'Amounts payable under repurchase agreements'. Securities purchased under agreements to resell are recorded separately under 'due from agreements to resell'. These securities are valued at amortised cost on the Statement of Financial Position. The difference between the sale and the repurchase price is treated as interest and accrued over the life of the agreement using the effective interest method.

h) Amounts Due from and Due to Brokers

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

i) Income

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

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

j) Cash and Cash Equivalents

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

k) Share Capital

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

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 March 2020

2. Principal Accounting Policies (continued)

l) Foreign Currency Translation

Functional and Presentation Currency

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

Transactions and Balances

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

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

m) Transaction Costs

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

n) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. The Directors are of the opinion that the Company is engaged in a single segment of business, being investments in Asset Backed Securities. The Directors manage the business in this way. Additional information can be found in note 19.

o) Expenses

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

p) Other Receivables

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

q) Other Payables

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

r) Dividend

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

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 March 2020

2. Principal Accounting Policies (continued)

s) Income Equalisation on New Issues

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

t) Treasury Shares

The Company has the right to issue and purchase up to 14.99% of the total number of its own shares, as disclosed in note 13.

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

3. Significant Accounting Judgements, Estimates and Assumptions

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

(i) Judgements

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

Functional Currency

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

(ii) Estimates and Assumptions

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

3. Significant Accounting Judgements, Estimates and Assumptions (continued)

(ii) Estimates and Assumptions (continued)

(a) Fair value of Securities not Quoted in an Active Market

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

(b) Estimated Life of Asset Backed Securities

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

(c) Determination of Observable Inputs

In note 18, Fair Value Measurement, when determining the levels of investments within the fair value hierarchy, the determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

4. Earnings per Ordinary Redeemable Share - Basic & Diluted

The earnings per Ordinary Redeemable Share - Basic and Diluted has been calculated based on the weighted average number of Ordinary Redeemable Shares of 503,905,681 (31 March 2019: 402,734,014) and a net loss of £64,860,249 (31 March 2019: net gain of £6,968,851).

5. Income Equalisation on New Issues

In order to ensure there are no dilutive effects on earnings per share for current Shareholders when issuing new shares, earnings are calculated in respect of accrued income at the time of purchase and a transfer is made from share capital to income to reflect this. The transfer for the year is £531,442 (31 March 2019: £473,345).

6. Net Asset Value per Ordinary Redeemable Share

The net asset value of each Share of £0.94 (31 March 2019: £1.13) is determined by dividing the net assets of the Company attributed to the Shares of £475,369,856 (31 March 2019: £500,465,449) by the number of Shares in issue at 31 March 2020 of 504,714,809 (31 March 2019: 441,814,151).

7. Taxation

The Company has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability for Guernsey taxation is limited to an annual fee of £1,200 (2019: £1,200).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

8. Net Foreign Currency (Losses)/Gains

	01.04.19 to 31.03.20 £	01.04.18 to 30.03.19 £
Movement on unrealised gain/(loss) on forward currency contracts	14,890,990	(5,799,890)
Realised (gain)/loss on foreign currency contracts	(22,881,290)	13,239,682
Unrealised foreign currency gain/(loss) on receivables/payables	84,289	(123,865)
Unrealised foreign currency exchange gain on interest receivable	86,804	5,182
	(7,819,207)	7,321,109

9. Investments

	As at 31.03.20	As at 31.03.19
Financial assets at fair value through profit or loss:	£	£
Unlisted Investments:		
Opening book cost	494,729,337	434,416,774
Purchases at cost	432,039,494	331,409,934
Proceeds on sale/principal repayment	(363,056,372)	(279,264,771)
Amortisation adjustment under effective interest rate method	4,951,929	4,906,587
Realised gains on sale/principal repayment	16,068,714	11,564,064
Realised losses on sale/principal repayment	(4,590,916)	(8,303,251)
Closing book cost	580,142,186	494,729,337
Unrealised gains on investments	2,399,458	9,778,665
Unrealised losses on investments	(101,227,904)	(12,911,397)
Fair value	481,313,740	491,596,605

	01.04.19 to 31.03.20 £	01.04.18 to 30.03.19 £
Realised gains on sale/principal repayment	16,068,714	11,564,064
Realised losses on sales/principal repayment	(4,590,916)	(8,303,251)
Movement in unrealised gains	(7,379,207)	(14,572,696)
Movement in unrealised losses	(88,316,507)	(11,475,279)
Net losses on financial assets at fair value through profit or loss	(84,217,916)	(22,787,162)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

10. Other Receivables

	As at 31.03.20 £	As at 31.03.19 £
Coupon interest receivable	3,667,455	3,100,037
Prepaid expenses	70,343	12,540
	3,737,798	3,112,577

11. Other Payables

	As at 31.03.20 £	As at 31.03.19 £
Portfolio management fees payable	699,688	560,933
Custody fees payable	5,628	3,806
Administration and secretarial fees payable	66,848	58,542
Audit fees payable	66,000	57,000
AIFM management fees payable	43,524	41,194
Depositary fees payable	6,250	5,353
Share issue costs payable	-	79,492
General expenses payable	51,229	39,927
	939,167	846,247

12. Amounts payable under repurchase agreements

Following the publication of the latest prospectus on 12 April 2019, the Company is now authorised to enter into repurchase agreements. A repurchase agreement (Repo) is a short-term loan where both parties agree to the sale and future repurchase of assets within a specified contract period. Repurchase agreements may be entered into in respect of securities owned by the Company which are sold to and repurchased from counterparties on contractually agreed dates and the cash generated from this arrangement can be used to purchase new securities, effectively creating leverage. The Company still benefits from any income received, attributable to the security.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

13. Share Capital

Authorised Share Capital

Unlimited number of Ordinary Redeemable Shares at no par value.

	As at 31.03.20 £	As at 31.03.19 £
Ordinary Redeemable Shares		
Share Capital at the beginning of the year	459,436,544	407,509,059
Issued Share Capital	93,123,125	53,010,450
Redeemed Share Capital	(20,050,326)	-
Share issue costs	(1,485,986)	(609,620)
Income equalisation on new issues	(531,442)	(473,345)
Total Share Capital at the end of the year	530,491,915	459,436,544

Issued Share Capital

	As at 31.03.20 Shares	As at 31.03.19 Shares
Ordinary Redeemable Shares		
Shares at the beginning of the year	441,814,151	395,814,151
Issue of Shares	81,250,000	46,000,000
Redemption of Shares	(18,349,342)	-
Total Shares in issue at the end of the year	504,714,809	441,814,151

	As at 31.03.20 £	As at 31.03.19 £
Treasury Shares		
Treasury Share capital at the beginning of the year	43,083,300	43,083,300
Total Treasury Share capital at the end of the year	43,083,300	43,083,300

	As at 31.03.20 Shares	As at 31.03.19 Shares
Treasury Shares		
Treasury Shares at the beginning of the year	39,000,000	39,000,000
Total Shares at the end of the year	39,000,000	39,000,000

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

13. 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 31 March 2020, 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, at the date of the AGM in September 2022.

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.

On 12 September 2019, a realisation opportunity took place where the Company purchased and immediately cancelled 18,349,342 Ordinary Shares at a total cost of £20,050,326.

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

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 March 2020

14. Analysis of Financial Assets and Liabilities by Measurement Basis

	Assets at fair value through profit and loss £	Amortised cost £	Total £
31 March 2020			
Financial Assets as per Statement of Financial Position			
Financial assets at fair value through profit or loss:			
- Investments	481,313,740	-	481,313,740
- Derivative assets: Forward currency contracts	14,398,192	-	14,398,192
Other receivables (excluding prepayments)	-	3,667,455	3,667,455
Cash and cash equivalents	-	1,409,267	1,409,267
	495,711,932	5,076,722	500,788,654

	Liabilities at fair value through profit and loss £	Amortised cost £	Total £
Financial Liabilities as per Statement of Financial Position			
Financial liabilities at fair value through profit or loss:			
- Derivative liabilities: Forward currency contracts	1,374,030	-	1,374,030
Amounts payable under repurchase agreements	-	23,175,944	23,175,944
Other payables	-	939,167	939,167
	1,374,030	24,115,111	25,489,141

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

14. 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	1,919,402	-	1,919,402
Amounts due to brokers	-	35,401,772	35,401,772
Other payables	-	846,247	846,247
	1,919,402	36,248,019	38,167,421

15. 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 per annum. Due to the additional work carried out in respect of the share issues completed on 12 May 2019, this was exceeded. Each Director received a further £5,000 each in relation to additional, exceptional work carried out on the issue of new shares.

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

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

During the year ended 31 March 2020, Directors fees of £167,500 (31 March 2019: £138,917) were charged to the Company, of which £Nil (31 March 2019: £Nil) remained payable at the end of the year.

b) Shares Held by Related Parties

As at 31 March 2020, Directors of the Company held the following shares beneficially:

	Number of Shares 31.03.20	Number of Shares 31.03.19
Trevor Ash	58,734	50,000
Ian Burns	29,242	29,242
Richard Burwood	22,476	5,000
Joanne Fintzen	17,476	-

As at 31 March 2020, the Portfolio Manager held Nil Shares (31 March 2019: Nil Shares) and partners and employees of the Portfolio Manager held 2,753,384 Shares (31 March 2019: 1,797,760 Shares), which is 0.55% (31 March 2019: 0.41%) of the Issued Share Capital."

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 March 2020

15. Related Parties (continued)

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 NAV, which is calculated weekly on each valuation day, or market capitalisation of each class of shares. Total portfolio management fees for the year amounted to £4,228,263 (31 March 2019: £3,462,140) of which £699,688 (31 March 2019: £560,933) is due and payable at the year end. The Portfolio Management Agreement dated 29 May 2014 remains in force until determined by the Company or the Portfolio Manager giving the other party not less than twelve months' notice in writing. Under certain circumstances, the Company or the Portfolio Manager is entitled to immediately terminate the agreement in writing.

The Portfolio Manager is also entitled to a commission of 0.15% of the aggregate gross offering proceeds plus any applicable VAT in relation to any issue of new Shares, following admission, in consideration of marketing services that it provides to the Company. During the year, the Portfolio Manager received £110,744 (31 March 2019: £79,516) in commission.

16. 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 NAV of the Company below £50 million, 0.05% on Net Assets between £50 million and £100 million and 0.03% on Net Assets in excess of £100 million. During the year ended 31 March 2020, AIFM fees of £199,294 (31 March 2019: £174,555) were charged to the Company, of which £43,524 (31 March 2019: £41,194) remained payable at the end of the year.

b) Administrator and Secretary

Administration fees are payable to Northern Trust International Fund Administration Services (Guernsey) Limited monthly in arrears at a rate of 0.06% of the NAV of the Company below £100 million, 0.05% on Net Assets between £100 million and £200 million and 0.04% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum £75,000 each year. In addition, an annual fee of £25,000 is charged for corporate governance and company secretarial services. Total administration and secretarial fees for the year amounted to £280,875 (31 March 2019: £236,007) of which £66,848 (31 March 2019: £58,542) is due and payable at end of the year.

c) Depositary

Depositary fees are payable to Northern Trust (Guernsey) Limited, monthly in arrears, at a rate of 0.0175% of the Net Asset Value of the Company up to £100 million, 0.0150% on Net Assets between £100 million and £200 million and 0.0125% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum £25,000 each year. Total depositary fees and charges for the year amounted to £78,012, (31 March 2019: £65,143) of which £6,250 (31 March 2019: £5,353) is due and payable at the year end.

The Depositary is also entitled to a Global Custody fee of a minimum of £8,500 per annum plus transaction fees. Total Global Custody fees and charges for the year amounted to £56,377 (31 March 2019: £46,696) of which £5,628 (31 March 2029: £3,806) is due and payable at the year end.

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 March 2020

17. Financial Risk Management

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

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

Market risk

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

(i) Price Risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

17. Financial Risk Management (continued)

Market Risk (continued)

(ii) Interest Rate Risk

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

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

As at 31 March 2020	Floating rate £	Fixed rate £	Non-interest bearing £	Total £
Financial assets at fair value through profit or loss	481,313,740	-	-	481,313,740
Derivative assets	-	-	14,398,192	14,398,192
Other receivables	-	-	3,667,455	3,667,455
Cash and cash equivalents	1,409,267	-	-	1,409,267
Repurchase agreements	-	(23,175,944)	-	(23,175,944)
Other payables	-	-	(939,167)	(939,167)
Derivative liabilities	-	-	(1,374,030)	(1,374,030)
Net current assets	482,723,007	(23,175,944)	15,752,450	475,299,513

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 March 2020

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

	Contract values 31.03.2020	Outstanding contracts 31.03.2020	Mark to market equivalent 31.03.2020	Unrealised gains/(losses) 31.03.2020
Two Sterling forward foreign currency contracts totalling:				
Settlement date 27 May 2020	€326,624,710	£303,716,264	£289,333,128	£14,383,136
				-
Five Euro forward foreign currency contracts totalling:				
Settlement date 27 May 2020	(€37,688,881)	(£34,743,774)	(£33,385,845)	(£1,357,929)
One US Dollar forward foreign currency contracts totalling:				
Settlement date 27 May 2020	($30,229)	(£25,399)	(£24,354)	(£1,045)
				£13,024,162

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

17. Financial Risk Management (continued)

(iii) Foreign Currency Risk (continued)

As at 31 March 2020 and as at 31 March 2019, the Company held the following assets and liabilities denominated in Euro:

	As at 31.03.2020	As at 31.03.2019
Assets:	£	£
Investments	252,846,022	291,455,842
Cash and cash equivalents	359,043	345,503
Other receivables	2,622,172	2,402,677
Amounts due to broker	-	(22,186,772)
Less: Open forward currency contracts	(255,947,284)	(275,236,551)
	(120,047)	(3,219,301)

The tables below summarise the sensitivity of the Company's assets and liabilities to changes in foreign exchange movements between Euro and Sterling at 31 March 2020 and 31 March 2019. The analysis is based on the assumption that the relevant foreign exchange rate increased/decreased by the percentage disclosed in the table, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

	As at 31.03.2020	As at 31.03.2019
	£	£
Impact on Statement of Comprehensive Income in response to a:		
- 10% increase	250,527	395,422
- 10% decrease	284,951	(232,137)
Impact on Statement of Changes in Equity in response to a:		
- 10% increase	250,527	395,422
- 10% decrease	284,951	(232,137)

(iv) Reinvestment Risk

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

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

Price Sensitivity Analysis

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

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 March 2020

17. Financial Risk Management (continued)

(iv) Reinvestment Risk (continued)

Price Sensitivity Analysis (continued)

At 31 March 2020, if the market prices had been 5% higher with all other variables held constant, the increase in the net assets attributable to equity Shareholders would have been £24,119,725 (31 March 2019: £24,579,830). An equal change in the opposite direction would have decreased the net assets attributable to equity Shareholders by the same amount.

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

Credit Risk

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

The main concentration of credit risk to which the Company is exposed arises from the Company's investments in Asset Backed Securities. The Company is also exposed to counterparty credit risk on forwards, cash and cash equivalents, amounts due from brokers and other receivable balances. At the year end, one of the Company's investments in Asset Backed Securities was impaired (31 March 2019: one).

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

17. Financial Risk Management (continued)

Credit Risk (continued)

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

	31.03.20	31.03.19
AAA	3.28%	2.03%
AA+	0.39%	-
AA	-	0.29%
AA-	3.93%	1.49%
A+	0.99%	1.59%
A	4.01%	4.78%
A-	3.51%	3.96%
BBB+	4.22%	6.18%
BBB	3.21%	5.40%
BBB-	5.91%	7.04%
BB+	5.30%	2.52%
BB	9.48%	14.88%
BB-	5.60%	1.62%
B+	2.78%	3.86%
B	16.07%	21.73%
B-	2.34%	1.73%
CCC+	1.24%	1.24%
CCC	0.35%	0.38%
NR*	27.39%	19.28%
	100.00%	100.00%

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

17. Financial Risk Management (continued)

Credit risk (continued)

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

	As at 31.03.20 £	As at 31.03.19 £
Investments	481,313,740	491,596,605
Cash and cash equivalents	1,409,267	36,505,984
Unrealised gains on derivative assets	14,398,192	52,575
Capital Shares sold receivable	-	3,456,600
Amounts due from broker	-	3,908,529
Other receivables	3,667,455	3,112,577
	500,788,654	538,632,870

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

Liquidity Risk

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 March 2020

17. Financial Risk Management (continued)
Liquidity Risk (continued)

	Up to 1 month	1-6 months	6-12 months	Total
As at 31 March 2020	£	£	£	£
Financial liabilities				
Repurchase agreements	-	(23,175,944)	-	(23,175,944)
Unrealised loss on derivative liabilities	-	(1,374,030)	-	(1,374,030)
Other payables	(873,167)	(66,000)	-	(939,167)
Total	(873,167)	(24,615,974)	-	(25,489,141)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

17. Financial Risk Management (continued)

Capital Risk Management (continued)

(ii)Realisation Opportunity

The realisation opportunity shall be at the annual general meeting of the Company in each third year, with the next realisation opportunity being in 2022, subject to the aggregate NAV of the continuing Ordinary Redeemable Shares on the last Business Day before Reorganisation being not less than £100 million.

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

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

(iii) Continuation Votes

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

18. Fair Value Measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 March 2020

18. Fair Value Measurement (continued)

The following tables analyse within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value for the years ended 31 March 2020 and 31 March 2019.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Financial assets at fair value through profit or loss:				
Asset Backed Securities:				
Auto Loans	-	32,285,510	-	32,285,510
Buy-to-Let RMBS	-	40,427,053	13,230,000	53,657,053
CLO	-	120,859,988	-	120,859,988
CMBS	-	26,893,521	-	26,893,521
Consumer ABS	-	22,929,793	-	22,929,793
Non-Conforming RMBS	-	75,825,971	32,636,250	108,462,221
Prime RMBS	-	58,006,237	53,821,054	111,827,291
Student Loans	-	4,398,363	-	4,398,363
Forward currency contracts	-	14,398,192	-	14,398,192
Total assets as at 31 March 2020	-	396,024,628	99,687,304	495,711,932
Liabilities				
Financial liabilities at fair value through profit or loss:				
Forward currency contracts	-	1,374,030	-	1,374,030
Total liabilities as at 31 March 2020	-	1,374,030	-	1,374,030

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 March 2020

18. Fair Value Measurement (continued)

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

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

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

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

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

18. Fair Value Measurement (continued)

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

The following tables present the movement in Level 3 instruments for the years ended 31 March 2020 and 31 March 2019 by class of financial instrument.

	Opening balance	Net (sales)/ purchases	Net realised (loss)/gain for the year included in the Statement of Comprehensive Income for Level 3 Investments held at 31 March 2020	Net unrealised (loss)/gain for the year included in the Statement of Comprehensive Income for Level 3 Investments held at 31 March 2020	Transfer into Level 3	Transfer out Level 3	Closing balance
	£	£	£	£	£	£	£
Buy-to-Let RMBS	4,274,394	-	(174,921)	(665,079)	14,070,000	(4,274,394)	13,230,000
CLO	22,634,620	(5,449,568)	370,380	(75,297)	-	(17,480,135)	-
Consumer ABS	23,069,273	(16,895,241)	2,111,559	(1,418,094)	-	(6,867,497)	-
Non-Conforming RMBS	5,738,296	26,232,265	30,555	81,957	5,000,000	(4,446,823)	32,636,250
Prime RMBS	4,964,961	35,943,410	817,003	(3,929,204)	20,989,827	(4,964,943)	53,821,054
Total at 31 March 2020	60,681,544	39,830,866	3,154,576	(6,005,717)	40,059,827	(38,033,792)	99,687,304

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

The tables on the following page analyse within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 31 March 2020 and 31 March 2019 but for which fair value is disclosed.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 March 2020

18. Fair Value Measurement (continued)

	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Cash and cash equivalents	1,409,267	-	-	1,409,267
Other receivables	-	3,667,455	-	3,667,455
Total assets as at 31 March 2020	**1,409,267**	**3,667,455**	**-**	**5,076,722**
Liabilities				
Other payables	-	939,167	-	939,167
Total liabilities as at 31 March 2020	**-**	**939,167**	**-**	**939,167**

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

19. 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 on page 11.

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

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 March 2020

20. Dividend Policy

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

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

The Company, being a Guernsey regulated entity, is able to pay dividends out of capital. Nonetheless, the Board carefully considers any dividend payments made to ensure the Company's capital is maintained in the longer term. Careful consideration is also given to ensuring sufficient cash is available to meet the Company's liabilities as they fall due.

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

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

The Company declared the following dividends in respect of distributable profit for the year ended 31 March 2020:

Period to	Dividend rate per Share (£)	Net dividend payable (£)	Record date	Ex-dividend date	Pay date
28 June 2019	0.0150	7,845,962	19 July 2019	18 July 2019	31 July 2019
30 September 2019	0.0150	7,570,722	18 October 2019	17 October 2019	31 October 2019
31 December 2019	0.0150	7,570,722	16 January 2020	17 January 2020	31 January 2020
29 March 2020	0.0190	9,589,581	16 April 2020	17 April 2020	30 April 2020

21. Ultimate Controlling Party

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

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 March 2020

22. Subsequent Events

These Financial Statements were approved for issuance by the Board on 21 July 2020. Subsequent events have been evaluated until this date.

On 20 April 2020, 2,500,000 new Ordinary Redeemable Shares were issued for a total of £2,297,000.

On 29 April 2020, 1,300,000 new Ordinary Redeemable Shares were issued for a total of £1,209,390.

On 30 April 2020, the Company paid a dividend as detailed in note 20.

On 9 July 2020, the Company announced a dividend of 1.50p per share. This will be paid on 31 July 2020.

As at 21 July 2020, the published NAV per Ordinary Share for the Company was 103.44p. This represents a rise of 9.94% (NAV as at 31 March 2020: 94.09p).

In the early months of 2020, the COVID-19 outbreak adversely impacted global commercial activities. The fluidity of the situation precludes any prediction, however it is foreseen that the pandemic will continue to have an adverse impact on the global economic and market conditions. The Directors continue to monitor the situation and its impact on the Company.

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

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

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

Dividends Declared
Dividends declared are the dividends that are announced in respect of the current accounting period. They usually consist of 4 dividends: three interim dividends in respect of the periods to June, September and December, in which the Company aims to declare a fixed dividend of 1.5 pence per share; and a final dividend declared in respect of March where the residual income for the year is distributed.

Dividend Yield
Dividend yield is the percentage of dividends declared in respect of the period, divided by the initial share issue price of 100.00 pence. The Company maintains an annual dividend yield target of 6% or higher and if it does not meet this target at the end of an accounting year, a Continuation Vote is held for all Shareholders.

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

NAV per Share
NAV per share is calculated by dividing the total net asset value of £461,913,505 (2019: £500,465,449) by the number of shares at the end of the year of 504,714,809 units (2019: 441,814,151). This produces a NAV per share of 91.52p (2019: 113.28p), which was a decrease of 19.21%.

Ongoing Charges
The ongoing charges represent the Company’s management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average of the daily net assets during the year (see page 19). The Board continues to be conscious of expenses and works hard to maintain a sensible balance between good quality service and cost.

Total Return per Share
Total return per share represents is calculated by adding the increase or decrease in NAV per share with the dividend per share and dividing it by the dividend per share at the start of the period.

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