Twentyfour Select Monthly Income Fund Limited

Interim Management Report and Unaudited Condensed Interim Financial Statements
For the period from 1 October 2016 to 31 March 2017

TwentyFour Select Monthly Income Fund Limited

CONTENTS

CORPORATE INFORMATION

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SUMMARY INFORMATION

The Company

TwentyFour Select Monthly Income Fund Limited (the "Company") was incorporated with limited liability in Guernsey, as a closed-ended investment company on 12 February 2014. The Company's shares were listed with a Premium Listing on the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange ("LSE") on 10 March 2014.

Investment Objective and Investment Policy

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

The Company's investment policy is to invest in a diversified portfolio of credit securities.

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

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

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

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

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

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

At launch, the Company had a target net total return on the original issue price of between 8% and 10% per annum. This comprised a target dividend payment of 6p and a target capital return of 2p-4p both based on the original issue amount of 100p. There is no guarantee that this can or will be achieved, particularly given the recent low interest rate environment. As such, the total return generated has been lower than initially anticipated, although the 6p dividend per annum has consistently been met and the Portfolio Manager is confident that this dividend target will be maintained in the coming year. **Refer to note 18 on page 31 for details of the Company's dividend policy.**

SUMMARY INFORMATION continued

Shareholder Information

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

Financial Highlights

	31.03.17	30.09.16	31.03.16
Total Net Assets	£144,046,214	£136,821,841	£128,390,508
Net Asset Value per Share	93.19p	89.97p	85.97p
Share price	95.75p	92.00p	88.75p
Premium to NAV	2.75%	2.27%	3.23%
Dividends declared during the period	3.00p	6.85p	3.00p
Dividends paid during the period	3.85p	6.53p	3.53p

Ongoing Charges

Ongoing charges for the 6 month period ended 31 March 2017 have been calculated in accordance with the Association of Investment Companies (the "AIC") recommended methodology. The ongoing charges for the period ended 31 March 2017 were 1.20% (31 March 2016: 1.21%) on an annualised basis.

CHAIR'S STATEMENT

For the period from 1 October 2016 to 31 March 2017.

The six months to 31 March 2017, was very similar to what markets have become familiar with in the last few years, in that it was characterised by dramatic political events and market influencing central bank actions. However, contrary to what many investors might have expected, given the various election outcomes, the markets reacted very positively and investors have enjoyed a strong rally since mid-November.

While markets conditions were very favourable, helping spreads to rally towards levels last seen in early 2014 when the Company was launched, the strong market technical meant that attractive, less liquid bonds were more difficult to source and therefore no new shares were issued during the period. However, the Company continues to be fully invested, and the portfolio remains well diversified, with the purchase yield remaining above the level required to fund the monthly dividend of 0.5 pence per share.

Pursuant to the quarterly tender for the period ending 31 March 2017, all of the 229,476 tendered shares were placed for 95 pence per Ordinary share.

As mentioned above, no new shares were issued and the Portfolio Manager and the Company's Board of Directors continue to adhere to a strict discipline of only accepting new share issuance when suitable investment opportunities exist. At the end of the period there were 1,330,617 Treasury Shares in issue, from 3,830,617 at the start of the period but since then, in view of the opportunities available, a number have been issued as detailed in note 20 of these Accounts.

The strong technical backdrop currently being enjoyed by the market is expected to remain in place unless an unexpected macro event materialises. With the independent centralist Emmanuel Macron winning the French Presidential election, another potential pitfall for markets has been averted, and demand for high yielding assets should remain strong. As the Portfolio Managers look further ahead, the potential for headwinds to the current rally become more likely, particularly in the US where President Trump's fiscal plans will be tested, and in Europe where focus will turn to the potential of an election in Italy, where the anti-EU, Five Star Movement, party remains ahead in the polls. In addition, Brexit discussions will also be underway and markets will be alive to hints as regards how well the negotiations are proceeding.

For the medium term, the Portfolio Managers are confident that the assets in the portfolio will continue to perform and given the relatively low level of assets maturing in 2017, reinvestment risk is not a particular concern. In the longer term, any pull back in the rally will help in the search for opportunities.

Claire Whittet
Chair
11 May 2017

TwentyFour Select Monthly Income Fund Limited

Portfolio Manager's Report

For the period from 1 October 2016 to 31 March 2017.

Economic Background

The last quarter of 2016 was obviously dominated by the US Presidential election, which delivered a surprise victory for Donald Trump. The key theme for fixed income markets quickly became one of fiscal expansion, which, when placed on top of highly accommodative monetary policy, was deemed by the markets to be inflationary. The consequence of this was a repricing of the risk-free rate across the globe, resulting in 10yr US Treasuries moving higher by almost 60 basis points, which equated to around a 5% fall in the cash price. Contagion was felt across all risk-free sectors with Gilts, Bunds and Japanese Government Bonds ("JGBs") all moving higher albeit to a lesser extent. Credit spreads generally tightened during this move higher in rates, as the additional yield absorbed some of the negative price action.

Despite the widespread media predictions of panic and uncertainty in the aftermath of Donald Trump's victory, market sentiment in December was positively upbeat. A combination of strong market technicals, high cash balances and President-Elect Trump's campaign pledge of a raft of fiscal expansion projects in the USA all helped to tighten credit spreads across most sectors. It seemed investors were long cash in the run-up to the US election and market professionals were relatively short inventory. This, combined with traditionally low volumes in the new issue market, created the backdrop for a perfect year-end short squeeze as traders tried to square their positions. December also saw the early move in US Treasuries ("USTs") being consolidated and 10yr US Treasuries stayed consistently above 2.40%, as normal market correlations returned. The Federal Open Market Committee ("FOMC") also finally raised rates by 25bps, which was 100% expected, however the minutes were seeing as being more hawkish and this also helped to consolidate the move higher in UST rates.

In the UK, the aftermath of the UK referendum remained a major political distraction and uncertainty about the ramifications of Brexit were fuelled by acerbic comments from a number of key EU negotiators including Donald Tusk, President of the European Council and French President Francois Hollande, while the UK Government was frustrated by having to argue in Court that it has the legal mandate to trigger Article 50. Rumours that Mark Carney was going to leave his post as BoE Governor before the 8yr term did little to support the government bond markets and Gilt yields generally moved higher for most of the quarter, with 10yr yields reaching 1.5% shortly before year end, after hitting a low of 0.5% in August. In other political events, Jeremy Corbyn won the Labour Party leadership and increased his mandate, despite the lack of support from his parliamentary colleagues.

In Europe, the ECB initially remained steadfast in keeping rates unchanged and the monthly asset purchases at €80bn, however as year-end approached, the markets were given a boost by Mario Draghi when he announced a 9 month extension to the QE program, albeit at a reduced rate of €60bn per month. Also announced was a reduction in the maturity limit on purchases from 2yrs to 1yr and the removal of the ban on buying bonds with yields below the -40bps deposit rate; this was seen as a strong positive move by investors and contributed to the squeeze tighter in spreads.

Another Eurozone story that grabbed the headlines was an initial US Department of Justice claim of $14bn against Deutsche Bank, which some commentators saw as a threat to the solvency of Europe's largest investment bank. Stories of US hedge funds pulling business away from the prime-brokerage division of Deutsche Bank helped stoke the fears and the contagion was felt through the whole of the subordinated financial sector in the later part of the month. It seems obvious that the final settlement figure will be substantially below the initial $14bn being claimed by the DoJ, but the number made for sensational media headlines, which led to significant falls in the value of Deutsche Bank shares and their AT1 bonds.

As we approached year-end, Matteo Renzi stood down as Italian Prime Minister as the electorate rejected his call for constitutional reform in a highly personalised referendum. Once again, despite expectations that markets would stumble on a Renzi resignation, markets shrugged the result aside, as technicals dominated investor focus. However, given the popularity of the anti-EU Five Star Movement, the Italian political situation is likely to remain in the headlines during 2017.

Risk markets remained generally constructive through January, despite the undercurrent of vulnerability as political uncertainty remained high. The major event was of course the inauguration of Donald Trump as the 45th President of the US and the prospects of fiscal stimulus policies promised increased expectation that the US credit cycle would be extended. This, coupled with a strong technical backdrop, resulted in a decent start of the year for risk assets.

Politics also took centre stage in Europe, with the UK Supreme Court upholding the decision to ensure the triggering of Article 50 was decided by the UK Parliament and not by the current Government, although this was not expected to unduly delay the process.

Portfolio Manager's Report – continued
For the period from 1 October 2016 to 31 March 2017.

The strong market technicals prevailed into February and allowed risk assets to continue their strong start to the year. On the economic front, the global data continued its gradually improving trend which supported investor sentiment and allowed investors to overlook the raft of political uncertainty that lay ahead.

The FOMC held steady on rates, however rhetoric from Fed officials remained generally more hawkish and built higher expectations for the next hike to be as soon as the March 15th meeting. US Treasuries continued to broadly trade in a 20bps range with the 10 year closing out the month in the middle of that range at 2.40%. Gilts had a stronger month, recovering all of the losses from January on the back of Mark Carney suggesting that the economy still had some slack and reiterating the BoE's broadly neutral stance.

In Europe the focus of media attention was centred on French politics and the chances of a Marine Le Pen victory in the Presidential elections.

March was certainly more eventful than both January and February, however the impact on bond prices was rather more muted, with the month finishing off a quarter that was driven mainly by strong market technical.

Starting with central bank policy, the FOMC triggered its third rate hike of the cycle taking the Fed funds range up another 0.25% to 0.75% -1.0%. The move was well flagged in a set of coordinated speeches by Fed governors at the beginning of the month. However, despite the rate hike and 10 year Treasuries briefly breaching 2.6%, they ended the month firmly at 2.38%. Another good job from the Fed, who are now guiding markets to two or maybe three further hikes this year, although this is not yet priced into markets as participants remain cautious and wary of the political uncertainty that lies ahead.

Moving on to politics, as expected, the Dutch elections passed without any major shift to the extreme parties, so the focus moved to France where markets were nervous about the final round that could conceivably be between Melenchon of the extreme left and Le Pen on the far right. Relief was widespread when Melenchon failed to make the final round and ultimately the opinion polls were found to be accurate and the independent centralist Emmanuel Macron secured the presidency, thereby removing a major negative headwind for markets.

Further ahead, and perhaps the most worrying of all the upcoming events, is the potential of an early election in Italy, where the Five Star Movement is currently standing as the most popular party. As with Le Pen, the anti-Euro policies are what would unsettle markets.

Closer to home, the triggering of Article 50 in the UK happened on the 29th of March, which although only a matter of process, does mean that we will soon begin to find out how deeply entrenched both sides are as the UK tries to extract a favourable deal upon exit from the EU.

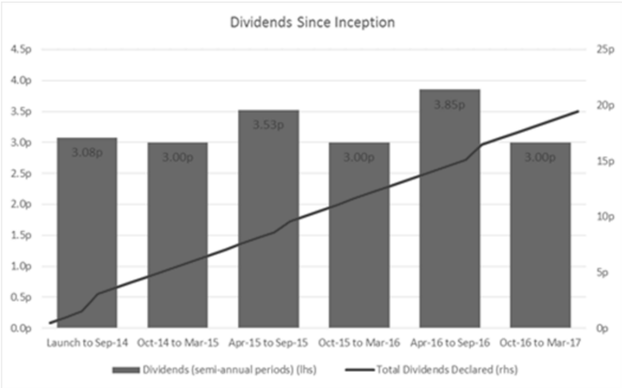
Lastly on politics, President Trump faced his first major defeat with his new healthcare bill being rejected, leading markets to speculate just how many of his policies will actually pass. This defeat certainly stalled and reversed many of the pro-growth trades that the market had priced in. In fact, in the US, post the rate hike and the loss of the bill, the entire $7bn inflows into the high yield sector seen in the aftermath of the election victory turned to outflows.

Naturally this had a negative impact on market pricing and resulted in the US High Yield having a negative month; but the market handled the situation very well and by month end the positive technical backdrop was reinstated.

Performance Review
The Company's aim is to produce an attractive level of income, generating a target monthly income of 0.5p, with any excess income annually distributed to investors. This is a high conviction strategy based on relative value bonds in the credit markets, with an emphasis on securities that exhibit a degree of liquidity premium assets that are primarily buy-to-hold.

In line with the Company's dividend policy, all excess income is paid in the final interim dividend of each financial year to distribute an amount equal to the value of any net income of the Company for that financial year remaining after payment of the monthly dividends. Excess income paid in final dividends has increased since inception, with the period to 30 September 2016 returning 3.85p.

Portfolio Manager's Report – continued
For the period from 1 October 2016 to 31 March 2017.



The Company's performance over the period has been positive, as strong market technical support has resulted in credit spreads tightening across most sectors. Worthy of particular note has been the performance in the hybrid bank debt, where AT1 structures (so called CoCo bonds) have benefited from Q4 2016 regulatory changes and a general increase in investor understanding in the credit, buoyed by the attractive complexity premium that this sector offers. Elsewhere, a number of selective stock picks in the insurance sector began to perform during the period and in the CLO sector the Company benefited from some strong credit spread tightening as demand heavily outweighed the new issuance, thereby squeezing secondary market levels. The PMs also took advantage of some attractive EM bonds during the period and although highly selective and representing just 3% of the total portfolio, the returns have been particularly attractive.

As mentioned in the commentary above, markets have benefited from strong technical drivers it the past 6 months, which has driven the price of risk assets higher and helped the Company to return 8.46% for the 6-month period. In addition, all sectors contributed to the positive performance, as outlined below.

SECTOR	6-MONTH RETURN
ABS	11.08%
BANKS	8.84%
INSURANCE	10.18%
HIGH YIELD - EUROPEAN	5.87%
HIGH YIELD - US	4.25%
EMERGING MARKET	9.23%

Foreign Exchange Accounting
The Company's policy is to hedge foreign exchange currency risk. Any movements in foreign exchange rates are monitored daily and the hedge is adjusted when necessary to ensure that currency exposure remains within strict limits.

Investment Outlook
The Company was established to take advantage of the liquidity premium that exists in the non-government sectors of the fixed income universe, whilst only hedging excessive duration risk. However, with the ongoing central bank support the Portfolio Manager ("PM") currently considers that hedging is an unnecessary drag on performance and hence there are no interest rate positions in the Company.

As mentioned, the portfolio was well positioned to benefit from the favourable market conditions that prevailed towards the end of 2016 and in the first quarter of 2017, however, as we move into the second quarter, the team anticipates that politics will remain a dominant theme and the strong technical drivers may face headwinds.

Nevertheless, given the ongoing support from central banks globally, default rates are being anchored at low levels and while capital gains may become more difficult to find, the purchase high yield of bonds in the Company are still attractive.

Since the Company's launch in early 2014, the PM has favoured exposure to CLOs and subordinated financials and while both sectors have performed very well over the last six months, they continue to look cheap in the current market and remain the PM's favoured areas within fixed income.

TwentyFour Asset Management LLP
11 May 2017

TwentyFour Select Monthly Income Fund Limited

TOP TWENTY HOLDINGS

As at 31 March 2017

	Nominal/ Shares	Credit Security Sector	Fair Value * £	Percentage of Net Asset Value
N/Wide. B/Soc. N/Wide. B/Soc. Var Perp	30,000	Banks	4,139,820	2.87
Coventry B/Soc. Coventry B/Soc. F2V Perp	3,540,000	Banks	3,485,661	2.42
Santander Uk	2,000,000	Banks	3,268,524	2.27
Avoca Clo Ser 11X Cl F 15/07/2027	4,000,000	ABS	3,210,575	2.23
Jubilee Clo 2014-Xii Bv Frn 15/07/2027 Eur Regs Be	3,950,000	ABS	3,126,859	2.17
Bracken Midco1 10.50% 15/11/2021	2,575,000	HighYield-European	2,750,422	1.91
Ard Fin. 6.625% 15/09/2023	3,000,000	HighYield-European	2,662,713	1.85
Credit Suisse Grp. Credit Suisse Grp. F2V Perp	3,000,000	Banks	2,603,063	1.81
Herbert Park B.V Frn Snr Sec Def Eur'Cl'E' 20/10/2	3,000,000	ABS	2,565,996	1.78
Cap. Bridge Fin. No.1 '1 Mezz' Frn 03/07/2018	2,500,000	ABS	2,500,000	1.74
Aldermore Grp. Aldermore Grp. F2V Perp	2,300,000	Banks	2,479,688	1.72
Societe Generale Societe Generale F2V Perp	2,960,000	Banks	2,410,141	1.67
Shawbrook Grp. 8.50% 28/10/2025	2,300,000	Banks	2,338,332	1.62
Paragon Grp. Of Cos F2V 09/09/2026	2,200,000	Banks	2,315,390	1.61
Garfunkelux Holdco 8.50% 01/11/2022	2,150,000	HighYield-European	2,291,517	1.59
Sc Germany Consumer Srs 15-1 Cls E Due 13/12/2028	2,500,000	ABS	2,215,168	1.54
Barclays Barclays F2V Perp	2,065,000	Banks	2,150,930	1.49
Standard Chartered Standard Chartered F2V Perp	2,600,000	Banks	2,149,999	1.49
Dryden Levera '29X-F' Frn 15/01/2026	2,500,000	ABS	2,102,834	1.46
Cabot Finl. Luxemb 7.50% 01/10/2023	2,000,000	HighYield-European	2,102,178	1.46
Total			52,869,810	36.70

* Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The full portfolio listing as at 31 March 2017 can be obtained from the Administrator on request.

BOARD MEMBERS

Biographical details of the Directors are as follows:

Claire Whittet - (Chair) (age 62)

Ms Whittet is a resident of Guernsey and has over 38 years' experience in the banking industry and since 2003 has been a Director and, more recently, Managing Director and Co-Head of Rothschild Bank International Ltd and a Director of Rothschild Bank (CI) Ltd. Ms Whittet is also a non-executive director of a number of listed funds. Ms Whittet began her career at the Bank of Scotland where she was for 19 years in a variety of personal and corporate finance roles. Subsequently, Ms Whittet joined Bank of Bermuda and was Global Head of Private Client Credit before taking up her position at Rothschild.

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

Christopher F. L. Legge - (Non-executive Director) (age 61)

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

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

Thomas H. Emch - (Non-executive Director) (age 73)

Mr Emch is an independent Board member and consultant. He graduated from the University of Zurich (lic.oec.publ.) and IMD (PED) in Lausanne. During his professional career he successively was European Treasurer of Litton International, SVP of Banque Paribas Suisse, EVP of Lombard Odier & Co. and CEO of Royal Bank of Canada (Suisse), a position he held for 11 years until his retirement in 1999. Throughout his banking career, he served on the Boards of numerous companies and professional associations in Switzerland and abroad. Mr Emch was appointed to the Board on 12 February 2014.

Ian Martin - (Non-executive Director) (age 53)

Ian Martin has over 30 years' experience in finance gathered in a variety of multi asset investment focused roles in the UK, Hong Kong, Switzerland and Uruguay. More recently he was the CIO and Head of Asset Management and Research at Lloyds Bank in Geneva and then Head of Bespoke Portfolio Management and Advisory for key clients in UBP Bank in Geneva. Previous roles have included senior roles in equity derivatives and trading as well as CIO and Managing Director of a Fund of Hedge fund company in the UK. Currently he is a Director of Bedlam Family Office. Mr Martin was appointed to the Board on 15 July 2014.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

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

The principal risks assessed by the Board relating to the Company were disclosed in the Annual Report and Audited Financial Statements for the year ended 30 September 2016. The principal risks disclosed include market risk, liquidity risk, credit risk, foreign currency risk and reinvestment risk. A detailed explanation of these can be found in the annual report. The Board and Portfolio Manager do not consider these risks to have changed and remain relevant for the remaining six months of the financial year.

- Market risk
  Market risk is risk associated with changes in market prices including spreads, interest rates, economic uncertainty, changes in laws and national and international political circumstances.

- Reinvestment risk
  Reinvestment risk is the risk that any monies resulting from principal and income payments from a bond will not be reinvested at the prevailing interest rate when the bond was initially purchased.

- Credit risk
  The investment portfolio is comprised of Asset Backed Securities and Bonds which expose the Company to credit risk, being the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

- Liquidity risk
  Liquidity risk is that the Company does not have sufficient cash resources to meet obligations, including the dividend target as they fall due or can only do so on terms that are materially disadvantageous.

- Foreign currency risk
  Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk through its investment is in predominately Euro denominated assets although mitigates this risk through hedging.

Going Concern
Under the 2014 UK Corporate Governance Code (effective for periods beginning on or after 1 October 2014) and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern and to identify any material uncertainties to the Company's ability to continue as a going concern for at least 12 months from the date of approving the financial statements.

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

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- these Unaudited Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by DTR 4.2.4.

- This interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the period from 1 October 2016 to 31 March 2017 and their impact on the Unaudited Condensed Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place during the period from 1 October 2016 to 31 March 2017 and that have materially affected the financial position or performance of the Company during that period as included in note 13.

By order of the Board,

Claire Whittet
Chair
11 May 2017

INDEPENDENT INTERIM REVIEW REPORT
TO TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

Our conclusion
We have reviewed the accompanying unaudited condensed interim financial information of TwentyFour Select Monthly Income Fund Limited as of 31 March 2017. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed
The accompanying condensed interim financial information comprise:

- the Unaudited Condensed Statement of Financial Position as of 31 March 2017;
- the Unaudited Condensed Statement of Comprehensive Income for the six-month period then ended;
- the Unaudited Condensed Statement of Changes in Equity for the six-month period then ended;
- the Unaudited Condensed Statement of Cash Flows for the six-month period then ended; and
- the Notes to the Unaudited Condensed Interim Financial Statements, comprising a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

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

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
11 May 2017

(a) The maintenance and integrity of the TwentyFour Select Monthly Income Fund Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Interim Management Report and Unaudited Condensed Interim Financial Statements since they were initially presented on the website.

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

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 October 2016 to 31 March 2017

	Notes	For the period from 01.10.16 to 31.03.17 £ (Unaudited)	For the period from 01.10.15 to 31.03.16 £ (Unaudited)
Income			
Interest income		5,473,583	5,188,581
Net foreign currency gain/(loss)	7	565,827	(4,937,731)
Net gain/(loss) on financial assets at fair value through profit or loss	8	5,712,973	(4,105,583)
Total income		11,752,383	(3,854,733)
Expenses			
Portfolio management fees	13	(525,291)	(497,284)
Directors' fees	13	(75,337)	(63,750)
Administration fees	14	(52,471)	(50,907)
AIFM management fees	14	(35,971)	(33,353)
Audit fee		(25,516)	(34,613)
Custody fees	14	(8,029)	(8,015)
Broker fees	14	(24,932)	(25,000)
Depositary fees	14	(12,466)	(12,500)
Legal fees		(17,041)	(8,254)
Other expenses		(63,535)	(70,996)
Total expenses		(840,589)	(804,672)
Total comprehensive income/(loss) for the period		10,911,794	(4,659,405)
Earnings/(loss) per Ordinary Share - Basic & Diluted	3	0.071	(0.031)

All items in the above statement derive from continuing operations.

The notes on pages 18 to 32 form an integral part of these Unaudited Condensed Interim Financial Statements.

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

as at 31 March 2017

Assets	Notes	31.03.17 £ (Unaudited)	30.09.16 £ (Audited)
Current assets			
Financial assets at fair value through profit and loss			
- Investments	8	138,595,630	127,968,371
- Derivative assets: Forward currency contracts	16	826,737	-
Amounts due from broker		-	1,132,190
Other receivables	9	2,870,459	2,477,965
Cash and cash equivalents		3,214,820	8,039,495
Total current assets		145,507,646	139,618,021
Liabilities			
Current liabilities			
Amounts due to broker		1,242,426	2,297,691
Other payables	10	219,006	219,031
Financial liabilities at fair value through profit and loss			
- Derivative liabilities: Forward currency contracts	16	-	279,458
Total current liabilities		1,461,432	2,796,180
Total net assets		144,046,214	136,821,841
Equity			
Share capital account	11	150,955,437	148,691,163
Other reserves		(6,909,223)	(11,869,322)
Total equity		144,046,214	136,821,841
Ordinary Shares in issue	11	154,579,151	152,079,151
Net Asset Value per Ordinary Share (pence)	5	93.19	89.97

The Unaudited Condensed Interim Financial Statements on pages 14 to 32 were approved by the Board of Directors on 11 May 2017 and signed on its behalf by:

Claire Whittet
Chair

Christopher Legge
Director

The notes on pages 18 to 32 form an integral part of these Unaudited Condensed Interim Financial Statements.

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

for the period from 1 October 2016 to 31 March 2017

	Share Capital Account £ (Unaudited)	Other Reserves £ (Unaudited)	Total £ (Unaudited)
Balance at 1 October 2016	148,691,163	(11,869,322)	136,821,841
Reissue of treasury shares	2,294,500	-	2,294,500
Share issue costs	(27,665)	-	(27,665)
Income equalisation on new issues	(2,561)	2,561	-
Distributions paid	-	(5,954,256)	(5,954,256)
Total comprehensive income for the period	-	10,911,794	10,911,794
Balance at 31 March 2017	150,955,437	(6,909,223)	144,046,214

	Share Capital Account £ (Unaudited)	Other Reserves £ (Unaudited)	Total £ (Unaudited)
Balance at 1 October 2015	142,609,447	(8,049,103)	134,560,344
Reissue of treasury shares	3,761,380	-	3,761,380
Share issue costs	(45,711)	-	(45,711)
Income equalisation on new issues	(16,831)	16,831	-
Distributions paid	-	(5,226,100)	(5,226,100)
Total comprehensive income for the period	-	(4,659,405)	(4,659,405)
Balance at 31 March 2016	146,308,285	(17,917,777)	128,390,508

The notes on pages 18 to 32 form an integral part of these Unaudited Condensed Interim Financial Statements.

TwentyFour Select Monthly Income Fund Limited

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
for the period from 1 October 2016 to 31 March 2017

	Notes	For the period from 01.10.16 to 31.03.17 £ (Unaudited)	For the period from 01.10.15 to 31.03.16 £ (Unaudited)
Cash flows used in operating activities			
Total comprehensive income/(loss) for the period		10,911,794	(4,659,405)
Adjustments for:			
Net (gain)/loss on investments		(5,712,973)	4,105,583
Amortisation adjustment under effective interest rate method	8	(568,212)	(399,818)
Unrealised (gain)/loss on derivatives	7	(1,106,193)	602,205
Increase in other receivables	9	(392,494)	(261,758)
Decrease in other payables	10	(25)	(35,496)
Purchase of investments		(72,658,129)	(40,851,930)
Sale of investments		68,388,978	39,706,992
Net cash used in operating activities		(1,137,254)	(1,793,627)
Cash flows from financing activities			
Proceeds from re-issuance of treasury shares	11	2,294,500	3,761,380
Share issue costs	11	(27,665)	(45,711)
Dividend distribution	18	(5,954,256)	(5,226,100)
Net cash outflow from financing activities		(3,687,421)	(1,510,431)
Decrease in cash and cash equivalents		(4,824,675)	(3,304,058)
Cash and cash equivalents at beginning of period		8,039,495	4,532,345
Cash and cash equivalents at end of period		3,214,820	1,228,287

The notes on pages 18 to 32 form an integral part of these Unaudited Condensed Interim Financial Statements.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
for the period from 1 October 2016 to 31 March 2017

1. General Information

TwentyFour Select Monthly Income Fund Limited (the "Company") was incorporated with limited liability in Guernsey, as a closed-ended investment company on 12 February 2014. The Company's Shares were listed with a Premium Listing on the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange on 10 March 2014.

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

The Portfolio Manager of the Company is TwentyFour Asset Management.

2. Principal Accounting Policies

a) Basis of preparation and Statement of compliance

The Unaudited Condensed Interim Financial Statements for the period from 1 October 2016 to 31 March 2017 have been prepared on a going concern basis in accordance with IAS 34, the Listing Rules of the LSE and applicable legal and regulatory requirements.

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 30 September 2016, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and which received an unqualified audit report.

b) Changes in presentation

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

c) Significant judgements and estimates

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

3. Earnings/(loss) per Ordinary Share - Basic & Diluted

The earnings per Ordinary Share - Basic and Diluted has been calculated based on the weighted average number of Ordinary Shares of 154,496,733 (31 March 2016: 148,517,847) and a net gain for the period of £10,911,794 (31 March 2016: net loss of £4,659,405).

4. Income on equalisation of new issues

In order to ensure there were no dilutive effects on earnings per share for current shareholders when issuing new shares, earnings have been calculated in respect of the accrued income at the time of purchase and a transfer has been made from share capital to income to reflect this. The transfer for the period amounted to £2,561 (31 March 2016: £16,831).

5. Net Asset Value per Ordinary Share

The net asset value of each Share of 93.19p (31 March 2016: 85.97p) is determined by dividing the net assets of the Company attributed to the Shares of £144,046,214 (31 March 2016: £128,390,508) by the number of Shares in issue at 31 March 2017 of 154,579,151 (31 March 2016: 149,335,881).

6. Taxation

The Company has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability for Guernsey taxation is limited to an annual fee of £1,200 (31 March 2016: £1,200).

7. Net foreign currency gain/(loss)

	For the period from 01.10.16 to 31.03.17 £ (Unaudited)	For the period from 01.10.15 to 31.03.16 £ (Unaudited)
Movement in net unrealised gain/(loss) on forward currency contracts	1,106,193	(602,206)
Realised gain/(loss) on forward currency contracts	107,294	(6,322,220)
Realised currency (loss)/gain on receivables/payables	(599,092)	1,955,702
Unrealised income exchange (loss)/gain on receivables/payables	(48,568)	30,993
	565,827	(4,937,731)

8. Investments

	31.03.17 (Unaudited) £	30.09.16 (Audited) £
Financial assets at fair value through profit and loss:		
Unlisted Investments:		
Opening amortised cost	128,103,985	139,639,982
Purchases at cost	71,602,859	75,703,701
Proceeds on sale/principal repayment	(67,256,788)	(85,563,502)
Amortisation adjustment under effective interest rate method	568,212	1,087,382
Realised gain on sale/principal repayment	5,399,707	3,162,474
Realised loss on sale/principal repayment	(8,270,180)	(5,926,052)
Closing amortised cost	130,147,795	128,103,985
Unrealised gain on investments	9,691,441	8,171,289
Unrealised loss on investments	(1,243,606)	(8,306,903)
Fair value	138,595,630	127,968,371
Realised gain on sale/principal repayment	5,399,707	3,162,474
Realised loss on sale/principal repayment	(8,270,180)	(5,926,052)
Increase in unrealised gain	1,520,149	6,511,825
Decrease in unrealised loss	7,063,297	4,190,479
Net gain on financial assets at fair value through profit or loss	5,712,973	7,938,726

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued
for the period from 1 October 2016 to 31 March 2017

9. Other receivables

	As at 31.03.17 £ (Unaudited)	As at 30.09.16 £ (Audited)
Interest income receivable	2,731,223	2,348,525
Prepaid expenses	27,760	14,413
Dividends receivable	111,476	115,027
	2,870,459	2,477,965

10. Other payables

	As at 31.03.17 £ (Unaudited)	As at 30.09.16 £ (Audited)
Portfolio management fees payable	91,860	84,266
Directors' fees payable	43,482	31,875
Administration fees payable	16,484	25,705
AIFM management fees payable	17,756	17,706
Audit fees payable	28,436	47,500
Other expenses payable	17,715	8,806
Depositary fees payable	2,123	2,049
Custody fees payable	1,150	1,124
	219,006	219,031

11. Share Capital

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2016 to 31 March 2017

11. Share Capital continued

Issued Share Capital

Ordinary Shares	As at 31.03.17 £ (Unaudited)	As at 30.09.16 £ (Audited)
Share Capital at the beginning of the period	148,691,163	142,609,447
Issue of shares	-	-
Share issue costs	(27,665)	(62,197)
Purchase of own shares into treasury	-	-
Re-issuance of treasury shares	2,294,500	6,193,760
Income equalisation on new issues	(2,561)	(49,847)
Total Share Capital at the end of the period	150,955,437	148,691,163

Treasury Shares	31.03.17 £ (Unaudited)	30.09.16 £ (Audited)
Share Capital at the beginning of the period	3,705,827	9,899,587
Purchased shares	-	-
Re-issued shares	(2,294,500)	(6,193,760)
Total Treasury Shares at the end of the period	1,411,327	3,705,827

Reconciliation of number of Shares

Ordinary Shares	31.03.17 Shares (Unaudited)	30.09.16 Shares (Audited)
Shares at the beginning of the period	152,079,151	145,335,881
Issue of shares	-	-
Purchase of own shares into treasury	-	-
Re-issuance of treasury shares	2,500,000	6,743,270
Total Shares in issue at the end of the period	154,579,151	152,079,151

The Ordinary Shares carry the following rights:

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

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2016 to 31 March 2017

11. Share Capital continued

Reconciliation of number of Treasury Shares

Treasury Shares	31.03.17 Shares (Unaudited)	30.09.16 Shares (Audited)
Shares at the beginning of the period	3,830,617	10,573,887
Purchase of own shares to hold in treasury	-	-
Reissue of treasury shares	(2,500,000)	(6,743,270)
Total Shares held in treasury at the end of the period	1,330,617	3,830,617

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 13 February 2015 the Company purchased 14,173,887 Ordinary Shares of £0.01 at a price of 94.90p to be held in treasury. The total amount paid to purchase these shares was £13,451,019 and has been deducted from the shareholders' equity. The Company has the right to reissue these shares at a later date. All shares issued were fully paid. During the period ended 31 March 2017, 2,500,000 treasury shares were reissued for a total consideration of £2,294,500.

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

12. Analysis of Financial Assets and Liabilities by Measurement Basis

	Financial assets at fair value through profit and loss £	Loans and receivables £	Total £
31 March 2017 (Unaudited)			
Financial Assets			
Financial assets at fair value through profit and loss			
-Investments			
-Bonds	89,616,645	-	89,616,645
-Asset backed securities	48,978,985	-	48,978,985
-Derivative assets: Forward currency contracts		826,737	826,737
Other receivables (excluding prepaid expenses)	-	2,842,699	2,842,699
Cash and cash equivalents	-	3,214,820	3,214,820
	138,595,630	6,884,256	145,479,886

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2016 to 31 March 2017

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

	Financial liabilities at fair value through profit and loss	Other financial liabilities	Total
	£	£	£
31 March 2017 (Unaudited)			
Financial Liabilities			
Amounts due to broker	-	1,242,426	1,242,426
Other payables	-	219,006	219,006
Financial liabilities at fair value through profit and loss			
-Derivative liabilities: Forward currency contracts	-	-	-
	-	1,461,432	1,461,432
30 September 2016 (Audited)			
Financial Assets			
Financial assets at fair value through profit and loss			
-Investments			
-Bonds	83,880,600	-	83,880,600
-Asset backed securities	44,087,771	-	44,087,771
Amounts due from broker	-	1,132,190	1,132,190
Other receivables (excluding prepaid expenses)	-	2,463,552	2,463,552
Cash and cash equivalents	-	8,039,495	8,039,495
	127,968,371	11,635,237	139,603,608

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2016 to 31 March 2017

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

	Financial liabilities at fair value through profit and loss	Other financial liabilities	Total
	£	£	£
30 September 2016 (Audited)			
Financial Liabilities			
Amounts due to broker	-	2,297,691	2,297,691
Other payables	-	219,031	219,031
Financial liabilities at fair value through profit and loss			
-Derivative liabilities: Forward currency contracts	279,458	-	279,458
	279,458	2,516,722	2,796,180

13. Related Parties

a) Directors' Remuneration & Expenses

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

The annual Directors' fees comprise £35,000 (2016: £35,000) payable to Ms Whittet, the Chair, £32,500 (2016: £32,500) to Mr Legge as Chair of the Audit Committee and £30,000 (2016: £30,000) each to Mr Emch and Mr Martin. During the period, Directors' fees of £75,337 (31 March 2016: £63,750) were charged to the Company, of which £43,482 (30 September 2016: £31,875) remained payable at the end of the period. Directors' expenses for the period were £5,633 (31 March 2016: £5,354).

b) Shares held by related parties

The Directors of the Company held the following shares beneficially:

	31.03.17	30.09.16
	Shares	Shares
Claire Whittet	25,000	25,000
Christopher Legge	50,000	50,000
Thomas Emch	25,000	25,000
Ian Martin	35,000	35,000

Directors are entitled to receive the dividends on any shares held by them during the period. Dividends declared by the Company are set out in note 18 on page 31.

As at 31 March 2017, the Portfolio Manager held no Shares (30 September 2016: no Shares) of the Issued Share Capital. Partners and employees of the Portfolio Manager decreased their holdings during the period, and held 1,106,105 (30 September 2016: 1,535,826), which is 0.72% (30 September 2016: 1.01%) of the Issued Share Capital.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2016 to 31 March 2017

13. 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 investment management fees for the period amounted to £525,291 (31 March 2016: £497,284) of which £91,860 (30 September 2016: £84,266) is payable at period end. The Portfolio Management Agreement dated 17 February 2014 remains in force until determined by the Company or the Portfolio Manager giving the other party not less than twelve months' notice in writing. Under certain circumstances, the Company or the Portfolio Manager is entitled to immediately terminate the agreement in writing.

The Portfolio Manager is also entitled to a commission of 0.175% of the aggregate gross offering proceeds plus any applicable VAT in relation to any issue of new Shares, following admission, in consideration of marketing services that it provides to the Company. During the period, the Portfolio Manager received £841 (31 March 2016: £6,582) in commission.

14. Material Agreements

a) Alternative Investment Fund Manager

The Company's AIFM is Maitland Institutional Services Limited *(formerly Phoenix Fund Services (UK) Limited)*. In consideration for the services provided by the AIFM under the AIFM Agreement the AIFM is entitled to receive from the Company a minimum fee of £20,000 per annum and fees payable quarterly in arrears at a rate of 0.07% of the Net Asset Value of the Company below £50 million, 0.05% on Net Assets between £50 million and £100 million and 0.03% on Net Assets in excess of £100 million. During the period, AIFM fees of £35,971 (31 March 2016: £33,353) were charged to the Company, of which £17,756 (30 September 2016: £17,706) remained payable at the end of the period.

b) Administrator and Secretary

Administration fees are payable to Northern Trust International Fund Administration Services (Guernsey) Limited monthly in arrears at a rate of 0.06% of the Net Asset Value of the Company below £100 million, 0.05% on Net Assets between £100 million and £200 million and 0.04% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum of £75,000 for each year. In addition, an annual fee of £25,000 will be charged for corporate governance and company secretarial services. During the period, administration and secretarial fees of £52,471 (31 March 2016: £50,907) were charged to the Company, of which £16,484 (30 September 2016: £25,705) remained payable at the end of the period.

c) Broker

For its services as the Company's broker pursuant to an engagement letter dated 13 February 2014, Numis Securities Limited (the "Broker") is entitled to receive a retainer fee of £50,000 per annum and also a commission of 1% on all tap issues. During the period the Broker received £25,000 (31 March 2016: £37,614) in commission, which is charged as a cost of issuance.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2016 to 31 March 2017

14. Material Agreements continued

d) Depositary

Depositary's fees are payable to Northern Trust (Guernsey) Limited monthly in arrears at a rate of 0.0175% of the Net Asset Value of the Company below £100 million, 0.0150% on Net Assets between £100 million and £200 million and 0.0125% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum of £25,000 for each year. During the period, depositary fees of £12,466 (31 March 2016: £12,500) were charged to the Company, of which £2,123 (30 September 2016: £2,049) remained payable at the end of the period.

The Depositary is also entitled to a Global Custody fee of a minimum of £8,500 per annum plus transaction fees. Total Global Custody fees and charges for the period amounted to £8,029 (31 March 2016: £8,015) of which £Nil (30 September 2016: £1,124) is due and payable at the end of the period.

15. Financial Risk Management

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

These Unaudited Condensed Interim Financial Statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements for the year ended 30 September 2016.

16. Fair Value Measurement

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

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

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued
for the period from 1 October 2016 to 31 March 2017

16. Fair Value Measurement continued

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value as at 31 March 2017.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Financial assets at fair value through profit or loss				
-Investments				
-Bonds	-	89,616,645	-	89,616,645
-Asset backed securities	-	39,319,252	9,659,733	48,978,985
Derivative assets	-	826,737	-	826,737
Total assets as at 31 March 2017	-	129,762,634	9,659,733	139,422,367
Liabilities				
Financial liabilities at fair value through profit or loss				
-Derivative liabilities: Forward currency contracts	-	-	-	-
Total liabilities as at 31 March 2017	-	-	-	-

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2016 to 31 March 2017

16. Fair Value Measurement continued

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value as 30 September 2016.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets	(Audited)	(Audited)	(Audited)	(Audited)
Financial assets at fair value				
through profit or loss				
-Bonds	-	38,924,491	44,956,109	83,880,600
-Asset backed securities	-	33,298,000	10,789,771	44,087,771
Total assets as at 30 September 2016	-	72,222,491	55,745,880	127,968,371
Liabilities				
Financial liabilities at fair value				
through profit or loss				
-Derivative liabilities: Forward currency				
contracts	-	279,458	-	279,458
Total liabilities as at 30 September 2016	-	279,458	-	279,458

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

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

Where the Portfolio Manager determines that the price obtained from an independent price vendor is not an accurate representation of the fair value of the Credit Security, the Portfolio Manager may source prices from third party broker or dealer quotes and if the price represents a reliable and an observable price, the Credit 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/year, however transfers between level 2 and 3 occurred based on the Portfolio Manager's ability to obtain a firm tradable price as detailed above.

There were no changes in valuation techniques during the period/year.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2016 to 31 March 2017

16. Fair Value Measurement continued

The following table presents the movement in level 3 instruments for the period ended 31 March 2017 by class of financial instrument.

	Bonds	Interest Rate Swaps	Asset backed securities	Total
	£	£	£	£
Opening balance	44,956,109	-	10,789,771	55,745,880
Net (sales)/purchases	(15,649,867)	-	1,359,554	(14,290,313)
Net realised gain/(loss) for the period	882,408	-	(961,269)	(78,861)
Net unrealised gain for the period	1,545,450	-	255,297	1,800,747
Transfer into Level 3	-	-	2,260,435	2,260,435
Transfer out of Level 3	(31,734,100)	-	(4,044,056)	(35,778,156)
Closing balance	-	-	9,659,732	9,659,732

The following table presents the movement in level 3 instruments for the year ended 30 September 2016 by class of financial instrument.

	Bonds	Interest Rate Swaps	Asset backed securities	Total
	£	£	£	£
Opening balance	67,362,346	(839,620)	7,972,641	74,495,367
Net (sales)/purchases	(17,159,353)	1,076,632	(779,707)	(16,862,428)
Net realised gain/(loss) for the period	391,035	(1,076,632)	(331,193)	(1,016,790)
Net unrealised gain for the period	165,750	839,620	912,547	1,917,917
Transfer into Level 3	11,184,039	-	5,619,998	16,804,037
Transfer out of Level 3	(16,987,708)	-	(2,604,515)	(19,592,223)
Closing balance	44,956,109	-	10,789,771	55,745,880

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2016 to 31 March 2017

16. Fair Value Measurement continued

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

	Level 1	Level 2	Level 3	Total
31 March 2017 (Unaudited)	**£**	**£**	**£**	**£**
Assets				
Amounts due from broker	-	-	-	-
Other receivables	-	2,870,459	-	2,870,459
Cash and cash equivalents	3,214,820	-	-	3,214,820
Total	**3,214,820**	**2,870,459**	**-**	**6,085,279**
Liabilities				
Amounts due to broker	-	1,242,426	-	1,242,426
Other payables	-	219,006	-	219,006
Total	**-**	**1,461,432**	**-**	**1,461,432**

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 30 September 2016 but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
30 September 2016 (Audited)	**£**	**£**	**£**	**£**
Assets				
Amounts due from broker	-	1,132,190	-	1,132,190
Other receivables	-	2,477,965	-	2,477,965
Cash and cash equivalents	8,039,495	-	-	8,039,495
Total	**8,039,495**	**3,610,155**	**-**	**11,649,650**
Liabilities				
Amounts due to broker	-	2,297,691	-	2,297,691
Other payables	-	219,031	-	219,031
Total	**-**	**2,516,722**	**-**	**2,516,722**

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

Cash and cash equivalents include deposits held with banks.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2016 to 31 March 2017

16. Fair Value Measurement continued

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

17. Segmental Reporting

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

The Company invests in a diversified portfolio of Credit Securities. The fair value of the major financial instruments held by the Company and the equivalent percentages of the total value of the Company are reported in the Top Twenty Holdings.

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

18. Dividend Policy

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

Distributions made with respect to any income period comprise (a) the accrued income of the portfolio for the period (for these purposes, the Company's income will include the interest payable by the Credit Securities in the Portfolio and amortisation of any discount or premium to par at which a Credit Security is purchased over its remaining expected life), and (b) an additional amount to reflect any income purchased in the course of any share subscriptions that took place during the period. Including purchased income in this way ensures that the income yield of the shares is not diluted as a consequence of the issue of new shares during an income period and (c) any income on the foreign exchange contracts caused by the libor differentials between each foreign exchange currency pair.

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

The Company declared the following dividends in respect of the profit for the period ended 31 March 2017:

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2016 to 31 March 2017

18. Dividend Policy continued

Period to	Dividend rate per Share (pence)	Net dividend paid - Income (£)	Ex-dividend date	Record date	Pay date
31/10/2016	0.50	772,896	17 November 2016	18 November 2016	30 November 2016
30/11/2016	0.50	772,896	15 December 2016	16 December 2016	30 December 2016
31/12/2016	0.50	772,896	19 January 2017	20 January 2017	31 January 2017
31/01/2017	0.50	772,896	16 February 2017	17 February 2017	28 February 2017
28/02/2017	0.50	772,896	16 March 2017	17 March 2017	31 March 2017
31/03/2017	0.50	784,146	20 April 2017	21 April 2017	28 April 2017

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

19. Ultimate Controlling Party

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

20. Subsequent Events

These Unaudited Condensed Interim Financial Statements were approved for issuance by the Board on 11 May 2017. Subsequent events have been evaluated to this date.

On 6 April 2017, the Company announced that pursuant to the quarterly tender for the period ending 31 March 2017, all of the 229,476 tendered shares were placed for 95 pence per Ordinary share.

On 7 April 2017, 500,000 treasury shares were re-issued for a total consideration of £480,700.

On 10 April 2017, 750,000 treasury shares were re-issued for a total consideration of £721,125.

On 11 April 2017 the Company declared a dividend of 0.5 pence per share.

On 18 April 2017, the Company applied to the UK Listing Authority for a block listing of 15,582,915 ordinary shares of 1 pence each.

On 18 April 2017, 80,617 treasury shares were re-issued and 919,383 shares issued from the block listing for a total consideration of £964,700.

On 24 April 2017, 1,000,000 shares issued from the block listing for a total consideration of £962,100.

On 10 May 2017, 500,000 shares issued from the block listing for a total consideration of £486,950.

On 11 May 2017, the Company declared a dividend of 0.5 pence per share.

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