

TwentyFour Income Fund Limited

Interim Report and Unaudited Condensed Interim Financial Statements

For the period from 1 April 2015 to 30 September 2015



TwentyFour Income Fund Limited

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TwentyFour Income Fund Limited

CORPORATE INFORMATION

Directors

Trevor Ash (Chairman)
Ian Burns
Richard Burwood
Jeannette Etherden

Custodian, Principal Banker and Depositary

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Les Banques
St Peter Port
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Registered Office

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Les Banques
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Secretary and Administrator

Northern Trust International Fund Administration
Services (Guernsey) Limited
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Les Banques
St Peter Port
Guernsey, GY1 3QL

Alternative Investment Fund Manager

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Springfield Lodge
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Chelmsford, CM2 5PW

Corporate Broker

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

Portfolio Manager

TwentyFour Asset Management LLP
24 Cornhill
London, EC3V 3ND

Independent Auditor

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

UK Legal Advisers to the Company

Eversheds LLP
One Wood Street
London, EC2V 7WS

Receiving Agent

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

Guernsey Legal Advisers to the Company

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

Registrars

Computershare Investor Services
(Guernsey) Limited
3rd Floor
NatWest House
Le Truchot
St Peter Port
Guernsey, GY1 1WD

TwentyFour Income Fund Limited

SUMMARY INFORMATION

The Company

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

Investment Objective and Investment Policy

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

The Company pursues its investment objective by investing in a diversified portfolio of UK and European Asset Backed Securities.

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

- (i) at least 50% of the portfolio value will be invested in assets which have at least one investment grade credit rating from an internationally recognised rating agency, or in cash; and
- (ii) no more than 5% of the portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities.

Exceptions to these restrictions will be permitted in respect of reinvestments where the Portfolio Manager will be permitted to purchase new investments if the purchase would, at the time of reinvestment:

- not increase the proportion of the portfolio represented by non-investment grade Asset Backed Securities (even where following the purchase less than 50% of the portfolio value will be invested in assets which have at least one investment grade credit rating from an internationally recognised rating agency or cash due to market movements and/or changes in credit ratings); and
- the asset purchased would be compliant with the single Asset Backed Security/issuer exposure restriction above (even where following the purchase more than 5% of the portfolio value will be exposed to another single Asset Backed Security or issuer due to market movements).

For the avoidance of doubt, reinvestments will make the portfolio, in aggregate, no less compliant with one or both of (i) and (ii), above.

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

The Company has a target net total return on the original issue price as set out in the prospectus of between 7 and 10% per annum.

Shareholder Information

Northern Trust International Fund Administration (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 Information Service the following business day.

TwentyFour Income Fund Limited

SUMMARY INFORMATION Continued

Financial Highlights

	30.09.15	30.09.14
Total Net Assets	£326,957,553	£324,169,723
Net Asset Value per share	£114.76	£121.45
Share price at 30 September 2015	123.25p	129.50p
Premium to Net Asset Value	7.40%	6.63%
Dividends declared in the period	3.00p	3.00p

As at 18 November 2015, the premium had moved to 2.76%. The estimated NAV per share and mid-market share price stood at 112.40p and 115.50p respectively.

Ongoing Charges

Ongoing charges for the period ended 30 September 2015 have been calculated in accordance with the AIC's recommended methodology. The ongoing charges for the period ended 30 September 2015 were 0.95% (30 September 2014: 0.98%).

TwentyFour Income Fund Limited

CHAIRMAN'S STATEMENT

for the period from 1 April 2015 to 30 September 2015

I am pleased to present my Chairman's Statement for the period from 1st April to 30th September 2015.

Performance

The Company's shares have continued to trade at a premium, as they have done since launch, with the average premium during the period being 5.9%.

The NAV total return on the shares from launch to 30th September 2015 was 31.9%, which includes a total return for the period of -1.6%. The income component of the return to Shareholders remained strong and the Company declared two dividends of 1.5p per share in respect of the period, but the capital performance was more mixed. Initially the NAV benefited from a continuation of the trend that was seen towards the end of the last financial year as spreads on the portfolio continued to tighten, however there was subsequently strong supply in the UK non-conforming part of the market which, combined with financial markets generally suffering during the summer, led to spreads on most assets widening and the capital-only NAV ending the period down 4.7%.

The Company did not issue any new shares during the period. The issued share capital of the Company as at 30th September 2015 was 284,908,712 shares.

The Board anticipates paying a third interim dividend of 1.5p per share in January 2016, with a balancing fourth dividend for the year payable in April to take the total dividend up to the level of the Company's annual net income.

Outlook

While the market's concerns around global growth and the timing for tightening of monetary policy in the US have suppressed performance in all markets, we take significant comfort that the fundamental performance of the asset pools backing the Company's investments continue to perform well, and that the drivers for future performance continue to strengthen. As a result the outlook for the Company is to take advantage of the more attractively priced investment opportunities, and to look for a recovery in prices as market sentiment recovers.

Strategic Partnership with Vontobel Asset Management

In April 2015 the Company's Portfolio Manager, TwentyFour Asset Management LLP, entered into a strategic partnership with Vontobel Asset Management, a subsidiary of the Vontobel Group. Vontobel Asset Management acquired a 60% shareholding in the Portfolio Manager, with the working partners retaining a 40% stake in the business. The Portfolio Manager remains autonomous, run by the partners with full control over day-to-day business decisions.

Proposals for the Company's Future

In anticipation of the Company's third anniversary in March of next year, at which date Shareholders have the right to elect to have their shares realised, the Board has been considering the Company's policies and structure.

Following this review and a consultation with the major shareholders, the Portfolio Manager and the Administrator, it is the Board's intention to put forward proposals by the end of November 2015 which would include certain changes to the Company's investment policy to provide greater flexibility for the portfolio to reflect the evolving investment opportunity in European ABS and therefore to enhance the Company's ability to continue to deliver attractive, risk-adjusted returns. The Portfolio Manager intends to use only gradually the greater flexibility proposed, and it is expected that the portfolio will continue to be significantly backed by UK and Northern European collateral and to retain a significant exposure to residential and commercial mortgage-backed securities.

TwentyFour Income Fund Limited

CHAIRMAN'S STATEMENT Continued

for the period from 1 April 2015 to 30 September 2015

Proposals for the Company's Future (continued)

If the changes to the investment policy are approved, the Board currently expects to retain the Company's target dividend of 6p per share in respect of the year ending 31 March 2017.

Looking into 2016, it is intended that the Company will during the first quarter provide an opportunity for new investors and for existing Shareholders to add to their investment in the Company, while also providing an exit mechanism at a modest discount to NAV for any Shareholders wishing to realise their holding.

Trevor Ash
Chairman
18 November 2015

TwentyFour Income Fund Limited

PORTFOLIO MANAGER'S REPORT

for the period from 1 April 2015 to 30 September 2015

Market Commentary

The six month period to the end of September was one which presented significant ongoing issues to all markets from a variety of sources.

As the period opened the wider markets were dealing with a deterioration in confidence regarding the ability of Greece to stand by the terms of their bailout and make good on their expected future repayments. This was an issue that overshadowed markets until July, and which plumbed the considerable depths of Greece walking away from the negotiating table late on in the process and seeking a mandate from the electorate via a referendum. The effect on the goodwill of Greece's creditors and the rhetoric at this point created significant instability in most markets.

April also saw questioning around expectations of the Fed's timetable to start lifting US rates, as weak data from Q1 was published. The uncertainty around this finally happening was to be an issue that overshadowed sentiment throughout the period in question and remained unresolved at the end of September.

Asset Backed Securities ("ABS") performance during the early period was stable, as sovereign bonds and other parts of fixed income suffered. This outperformance was partially driven by the ongoing ABS Purchase Programme at the European Central Bank ("ECB"). Within the ABS market however, UK Non-Conforming RMBS bonds saw spreads drift wider as supply in primary markets increased. In contrast Prime and Buy to Let Residential Mortgage Backed Securities ("RMBS"), Commercial Mortgage Backed Securities ("CMBS") and Collateralised Loan Obligations ("CLO") displayed resilience. Peripheral RMBS did display some weakness in May in sympathy with market concerns around Greece. Spread widening was more evident in June as the market was initially distracted by the annual ABS conference, and then as dealers lightened inventory prior to the half year end for banks.

While July saw resolution of the more immediate Greek problems, the market was kept in check as concerns mounted that Chinese growth was struggling to maintain momentum. Chinese equity markets sold off heavily and in response the Chinese government took unprecedented measures by suspending hundreds of stocks, banning large investors from selling and instructing a \$500bn state run fund to initiate support to the market. This continued into August when falling energy and commodity prices further hit sentiment, and the People's Bank of China depreciated the Yuan on consecutive days, leading to a large and broad-based equity market sell-off.

The focus on China and the Fed continued throughout August and September, putting significant pressure on asset performance in a number of sectors. Spreads on UK Non-Conforming RMBS bonds continued to widen, and were joined by UK Buy to Let in September, again a sector that had seen significant recent supply. UK Non-Prime RMBS was put under further pressure as the outcome of the sale of the mortgage pool backing the Granite (Northern Rock) RMBS transaction created uncertainty as to whether it would result in the maturity of an existing multi-billion pound transaction, or the refinancing of the pool. The former option would remove stock from the market and push spreads tighter as investors reinvested the maturity proceeds. The latter could push spreads wider if a significant amount of investors in Granite proved to be legacy holders who did not participate in the refinancing.

Fundamental performance of underlying asset pools however remained strong, and the drivers of these, particularly in the consumer space, continued to improve with employment, wage and house price data either stabilising or improving in the majority of geographies in which the Company invests. The disconnection between price/yield on one hand and credit risk on the other has materially improved the risk/return dynamic for large parts of the market.

TwentyFour Income Fund Limited

PORTFOLIO MANAGER'S REPORT Continued

for the period from 1 April 2015 to 30 September 2015

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.

The hedging policy is designed to manage portfolio efficiency and not to enhance investment returns.

Market Outlook

As performance has largely been dictated by events external to the European ABS market, it would seem that in the short term concerns around global growth and the ability of central banks to achieve their aims of stability and inflation targeting could play a material role in price performance. This does create opportunities to invest at more attractive levels than have been seen for a couple of years, adding to the yield of the Company.

Investors that are new to European ABS, or who have not focussed on the sector for some time, are understood to be preparing to re-engage having seen the recent moves in price. This should help provide a floor for performance.

While it is not expected that the Monetary Policy Committee will adjust the Bank Rate in 2015, the Company will benefit from this move when it does happen.

TwentyFour Asset Management LLP
18 November 2015

TwentyFour Income Fund Limited

TOP TWENTY HOLDINGS

As at 30 September 2015

Security	Number of Shares	Asset Backed Security Sector	Fair Value £	Percentage of Net Asset Value
EMACP 2007-NL4 D	13,750,000	Prime RMBS	8,626,537	2.64
LUSI 5 A	12,005,769	Peripheral RMBS	7,232,663	2.21
WARW 1 E	8,000,000	Non-Conforming RMBS	7,215,176	2.21
CORDR 2 C	9,850,000	Prime RMBS	6,742,867	2.06
LEMES 2006-1 C	9,605,000	CMBS	6,699,723	2.05
LUSI 4 A	10,541,209	Peripheral RMBS	6,611,449	2.02
INTS 3 C	9,330,000	Peripheral RMBS	6,336,705	1.94
CORDR 1 C	9,050,000	Peripheral RMBS	6,242,238	1.91
BBVAL 2007-1 B	10,000,000	Leases	6,173,988	1.89
ALBA 2006-2 D	7,456,995	Non-Conforming RMBS	6,152,021	1.88
RMAC 05-NS3X B1C	9,639,093	Non-Conforming RMBS	6,139,831	1.88
RMS 28 E	6,250,000	Non-Conforming RMBS	5,935,000	1.82
SPAUL 2X E	8,000,000	Leveraged Loan CLO	5,878,033	1.80
CADOG 3X E	8,000,000	Leveraged Loan CLO	5,377,691	1.64
AVOCA 13A F	8,000,000	Leveraged Loan CLO	5,249,993	1.61
ERF 5 B	6,550,000	Prime RMBS	5,221,023	1.60
ALME 3X F	7,500,000	Leveraged Loan CLO	5,056,787	1.55
CASSA 2007-1 B	7,500,000	Peripheral RMBS	4,931,521	1.51
AMF 2015-1 B	4,900,000	Non-Conforming RMBS	4,900,823	1.50
RPYME 2 C	6,800,000	Peripheral SME	4,825,599	1.48

TwentyFour Income Fund Limited

BOARD MEMBERS

Biographical details of the Directors are as follows:

Trevor Ash - (Chairman) (age 69)

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. He is 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 and Merrill Lynch. 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. Mr Ash was appointed to the Board on 11 January 2013.

Ian Burns - (Non-executive Director and Chairman of the Audit Committee) (age 56)

Mr Burns is a resident of Guernsey and a fellow of both the Institute of Chartered Accountants in England and Wales and the Chartered Institute of Securities and Investment. 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 Phaunos Timber Fund Limited, River and Mercantile UK Micro Cap Limited and Kuala Innovations Limited (AIM). He is also a director of Montreux Capital Corp which is listed on the Toronto Stock Exchange and a number of other offshore funds. Mr Burns was appointed to the Board on 17 January 2013.

Richard Burwood - (Non-executive Director) (age 48)

Mr Burwood is a resident of Guernsey with over 20 years' experience in banking and investment management. During 18 years with Citibank London, Mr Burwood spent 11 years as a fixed income portfolio manager spanning both banks/finance investments and Asset Backed Securities. He gained direct experience as a portfolio manager of securities backed by mortgages, auto loans and collateralised loan obligations. Mr Burwood has lived in Guernsey since in 2010, initially working as a portfolio manager for EFG Financial Products (Guernsey) Ltd managing the treasury department's ALCO Fixed Income portfolio. From 2011 to 2013 Mr Burwood worked as the business and investment manager for the Guernsey branch of Man Investments (CH) AG. This role involved overseeing all aspects of the business including operations and management of proprietary investments. Mr Burwood was appointed to the Board on 17 January 2013.

Jeannette (Jan) Etherden - (Non-executive Director) (age 55)

Ms Etherden is a resident of the United Kingdom. She started in 1983 as a research analyst at Confederation Life (acquired by Sun Life of Canada in 1994) and was Head of UK Equities from 1991. In 1996 she moved to Newton Investment Management Limited as a multi-asset fund manager. She was appointed a Director of Newton Investment Management Limited in 1997 and additionally was Chief Operating Officer of Investments at Newton Investment Management Limited from 1999 until her resignation in 2001. From January 2004 to January 2006 she was Business Development Manager for the Candela Fund at Olympus Capital Management. Ms Etherden has been a Director of Ruffer Investment Company Ltd since 1 July 2004 and a Director of Miton UK MicroCap Trust plc since 31 March 2015. Ms Etherden was appointed to the Board on 17 January 2013.

TwentyFour Income Fund Limited

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

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

The principal risks assessed by the Board relating to the Company were disclosed in the Annual Report and Audited Financial Statements for the period from 1 April 2014 to 31 March 2015. The principal risks disclosed include market risk, interest rate risk, credit risk, liquidity risk, foreign currency risk, operational risk, accounting, legal and regulatory risk, income recognition risk and reinvestment risk. A detailed explanation of these can be found from page 18 onwards in the Annual Report. The Board and Portfolio Manager do not consider these risks to have changed and these risks are considered to remain relevant for the remaining six months of the financial year.

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

The Company's articles provide for a realisation opportunity under which Shareholders may elect to realise some or all of their holdings of Ordinary Shares with effect from the Company's third anniversary in March 2016. The Board, in conjunction with the Portfolio Manager, has considered the Company's policies and structure ahead of the scheduled implementation of the Realisation Opportunity and has resolved to put proposals forward to Shareholders for consideration and approval prior to the date of the Realisation Opportunity with the following key characteristics:

- To make changes to the Investment Policy to reflect the evolving investment opportunity in UK and European Asset Backed Securities;
- To propose a fund raising to be implemented in the first quarter of 2016; and
- To amend the form of the Realisation Opportunity and certain other aspects of the discount management provisions.

Full details of these proposed changes are expected to be circulated to Shareholders by the end of November 2015.

As indicated in the Chairman's statement, the Board has consulted with major Shareholders, the Portfolio Manager and the Administrator. Although there remains uncertainty concerning the outcome of the proposals and the Realisation Opportunity, having assessed these uncertainties, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Interim Report and Unaudited Condensed Interim Financial Statements.

We refer Shareholders to the Realisation Opportunity as outlined in the Company's Placing and Offer for Subscription Prospectus 2013, a summary of the pertinent details being set out in Note 10.c) on page 21.

TwentyFour Income Fund Limited

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.
- the interim management report meets the requirements of an interim management report, and includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the period from 1 April 2015 to 30 September 2015 and their impact on the Unaudited Condensed Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place during the period from 1 April 2015 to 30 September 2015 and that have materially affected the financial position or performance of the Company during that period as included in note 12.

By order of the Board,

Trevor Ash
Chairman
18 November 2015

Ian Burns
Director

TwentyFour Income Fund Limited

INDEPENDENT INTERIM REVIEW REPORT TO TWENTYFOUR INCOME FUND LIMITED

Introduction

We have been engaged by the Company to review the Unaudited Condensed set of Interim Financial Statements in the Interim Report for the six months ended 30 September 2015, which comprises the Unaudited Condensed Statement of Comprehensive Income, the Unaudited Condensed Statement of Financial Position as at 30 September 2015, the Unaudited Condensed Statement of Changes in Equity, the Unaudited Condensed Statement of Cash Flows and related notes. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Unaudited Condensed set of Interim Financial Statements.

Directors' responsibilities

The Interim Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 a), the Annual Financial Statements of the Company are prepared in accordance with International Financial Reporting Standards. The Condensed set of Interim Financial Statements included in this Interim Report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the Unaudited Condensed set of Interim Financial Statements in the Interim Report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in producing this report, 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 enquiries, 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Condensed set of Interim Financial Statements in the Interim Report for the six months ended 30 September 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
18 November 2015

Publication of Interim Financial Report

- (a) The maintenance and integrity of the Company's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Interim 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.

TwentyFour Income Fund Limited

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 April 2015 to 30 September 2015

		For the period from 1.04.15 to 30.09.15 £	For the period from 1.04.14 to 30.09.14 £
Income			
Interest income		10,085,786	10,309,343
Net foreign currency (losses)/gains	6	(4,395,477)	17,316,791
Net losses on financial assets at fair value through profit or loss	7	(9,932,546)	(4,933,626)
Total income		(4,242,237)	22,692,508
Portfolio Management fees	12	(1,257,929)	(1,199,256)
Directors' fees	12	(53,750)	(53,897)
Administration and secretarial fees	13	(94,589)	(91,502)
Audit fees		(33,550)	(77,197)
Custody fees	13	(17,417)	(8,056)
Broker fees		(24,900)	(24,809)
AIFM management fees	13	(65,295)	(24,756)
Depositary fees	13	(24,715)	(16,046)
Legal and professional fees		(10,463)	(27,769)
Other expenses		(43,476)	(25,032)
Total expenses		(1,626,084)	(1,548,320)
Total comprehensive (loss)/income for the period		(5,868,321)	21,144,188
(Loss)/earnings per Ordinary Redeemable Share - Basic & Diluted	3	(0.021)	0.079

All items in the above statement derive from continuing operations.

The notes on pages 18 to 29 form an integral part of these Unaudited Condensed Interim Financial Statements.

TwentyFour Income Fund Limited

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

as at 30 September 2015

		30.09.2015	(Audited) 31.03.2015
	Note	£	£
Assets			
Current assets			
Investments	7	323,400,808	339,905,279
Derivative assets	15	68,290	89,873
Other receivables	8	1,534,300	1,893,161
Cash and cash equivalents		5,471,069	7,152,308
Total current assets		330,474,467	349,040,621
Liabilities			
Current liabilities			
Amounts due to broker		-	2,162,419
Other payables	9	387,785	406,274
Derivative liabilities	15	3,129,129	3,246,888
Total liabilities		3,516,914	5,815,581
Net current assets		326,957,553	343,225,040
Equity			
Share capital account	10	292,107,523	292,107,523
Retained earnings		34,850,030	51,117,517
Total equity		326,957,553	343,225,040
Ordinary Redeemable Shares in issue	10	284,908,712	284,908,712
Net Asset Value per Ordinary Redeemable Share	4	114.76	120.47

The Unaudited Condensed Interim Financial Statements on pages 14 to 29 were approved by the Board of Directors on 18 November 2015 and signed on its behalf by:

Trevor Ash
Chairman

Ian Burns
Director

The notes on pages 18 to 29 form an integral part of these Unaudited Condensed Interim Financial Statements.

TwentyFour Income Fund Limited

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

for the period from 1 April 2015 to 30 September 2015

	Share Capital Account	Retained Earnings	Total
	£	£	£
Balances at 1 April 2015	292,107,523	51,117,517	343,225,040
Distributions paid	-	(10,399,166)	(10,399,166)
Total comprehensive loss for the period	-	(5,868,321)	(5,868,321)
Balance at 30 September 2015	292,107,523	34,850,030	326,957,553

	Share Capital Account	Retained Earnings	Total
	£	£	£
Balances at 1 April 2014	271,117,078	42,931,787	314,048,865
Distributions paid	-	(11,023,330)	(11,023,330)
Total comprehensive income for the period	-	21,144,188	21,144,188
Balance at 30 September 2014	271,117,078	53,052,645	324,169,723

The notes on pages 18 to 29 form an integral part of these Unaudited Condensed Interim Financial Statements.

TwentyFour Income Fund Limited

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

for the period from 1 April 2015 to 30 September 2015

	Note	For the period from 1.04.15 to 30.09.15 £	For the period from 1.04.14 to 30.09.14 £
Cash flows from operating activities			
Total comprehensive (loss)/income for the period		(5,868,321)	21,144,188
Adjustments for:			
Net loss on investments	7	9,932,546	4,933,626
Amortisation adjustment under effective interest rate method		(5,469,339)	(5,710,400)
Decrease/(increase) in receivables		358,861	(17,037)
(Decrease)/increase in payables		(18,492)	56,192
Unrealised gains on forward currency contracts	6	(96,173)	(6,565,842)
Purchase of investments		(83,060,260)	(70,466,503)
Sale of investments		92,939,105	68,831,210
Net cash inflow from operating activities		<u>8,717,927</u>	<u>12,205,434</u>
Cash flows used in financing activities			
Dividend distribution		(10,399,166)	(11,023,330)
Net cash outflow from financing activities		<u>(10,399,166)</u>	<u>(11,023,330)</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,681,239)</u>	<u>1,182,104</u>
Cash and cash equivalents at beginning of period		<u>7,152,308</u>	<u>6,732,352</u>
Cash and cash equivalents at end of period		<u><u>5,471,069</u></u>	<u><u>7,914,456</u></u>

The notes on pages 18 to 29 form an integral part of these Unaudited Condensed Interim Financial Statements.

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

for the period from 1 April 2015 to 30 September 2015

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 is to generate attractive risk adjusted returns principally through income distributions.

The Company pursues its investment objective by investing in a diversified portfolio of UK and European Asset Backed Securities.

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

2. Principal Accounting Policies

a) Statement of compliance

The Unaudited Condensed Interim Financial Statements for the period 1 April 2015 to 30 September 2015 have been prepared on a going concern basis in accordance with IAS 34 “Interim Financial Reporting”, the Listing Rules of the London Stock Exchange (“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 period ended 31 March 2015 financial statements which were prepared in accordance with International Financial Reporting Standards (“IFRS”) and which received an unqualified report.

b) Changes in accounting policy

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

c) Significant judgements and estimates

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

3. (Loss)/earnings per Ordinary Redeemable Share - Basic & Diluted

The (loss)/earnings per Ordinary Redeemable Share - Basic and Diluted has been calculated based on the weighted average number of Ordinary Redeemable Shares of 284,908,712 (30 September 2014: 266,908,712) and a net loss of £5,868,321 (30 September 2014: net gain of £21,144,188).

4. Net Asset Value per Ordinary Redeemable Share

The net asset value of each Share of £1.15 is determined by dividing the net assets of the Company attributed to the Shares of £326,957,553 (31 March 2015: £343,225,040) by the number of Shares in issue at 30 September 2015 of 284,908,712 (31 March 2015: 284,908,712).

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2015 to 30 September 2015

5. 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 (2014: £600).

6. Net foreign currency (losses)/gains

	For the period from 1.04.15 to 30.09.15	For the period from 1.04.14 to 30.09.14
	£	£
Movement on unrealised gain on forward currency contracts	96,173	6,565,843
Realised (loss)/gain on currency	(4,530,944)	10,712,359
Unrealised currency (loss)/gain on receivables/payables	(28,278)	86,366
Unrealised income exchange gain/(loss)	67,572	(47,777)
	<u>(4,395,477)</u>	<u>17,316,791</u>

7. Investments

	For the period from 1.04.15 to 30.09.15	(Audited) 1.04.14 to 31.03.15
	£	£
Financial assets at fair value through profit and loss:		
Unlisted Investments:		
Opening book cost	349,026,965	284,863,665
Purchases at cost	80,897,841	154,520,956
Proceeds on sale/principal repayment	(92,939,105)	(100,986,686)
Amortisation adjustment under effective interest rate method	5,469,339	11,450,832
Realised losses on sale/principal repayment	(16,186,466)	(821,802)
Closing book cost	326,268,574	349,026,965
Unrealised loss on investments	(2,867,766)	(9,121,686)
Fair value	<u>323,400,808</u>	<u>339,905,279</u>
	For the period from 1.04.15 to 30.09.15	For the period from 1.04.14 to 30.09.14
	£	£
Realised (losses)/gains on sales/principal repayment	(16,186,466)	7,733,565
Increase/(decrease) in unrealised loss	6,253,920	(12,667,191)
Net losses on financial assets at fair value through profit or loss	<u>(9,932,546)</u>	<u>(4,933,626)</u>

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

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2015 to 30 September 2015

8. Other receivables

	As at 30.09.15	(Audited) As at 31.03.15
	£	£
Coupon interest receivable	1,496,685	1,849,557
Prepaid expenses	37,615	43,604
	<u>1,534,300</u>	<u>1,893,161</u>

9. Other payables

	As at 30.09.15	(Audited) As at 31.03.15
	£	£
Portfolio Management fees payable	222,355	225,044
Custody fee payable	2,965	3,369
Administration fee payable	47,102	46,925
Directors' fee payable	26,875	26,875
Audit fee payable	40,750	57,500
AIFM Management fee payable	32,524	32,336
Depositary fees payable	4,382	4,408
General expenses payable	10,832	9,817
	<u>387,785</u>	<u>406,274</u>

10. Share Capital

Authorised Share Capital

Unlimited number of Ordinary Redeemable Shares at no par value.

Issued Share Capital

	As at 30.09.15	(Audited) As at 31.03.15
	£	£
Ordinary Redeemable Shares		
Share Capital at the beginning of the period/year	292,107,523	269,912,052
Issued Share Capital	-	22,638,420
Share issue costs	-	(284,504)
Income equalisation on new issues	-	(158,445)
Total Share Capital at the end of the period/year	<u>292,107,523</u>	<u>292,107,523</u>

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2015 to 30 September 2015

10. Share Capital (continued)

	As at 30.09.15	As at 31.03.15
	shares	shares
Ordinary Redeemable Shares		
Shares at the beginning of the period/year	284,908,712	266,908,712
Issue of Shares	-	18,000,000
Total Shares in issue at the end of the period/year	<u>284,908,712</u>	<u>284,908,712</u>

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

As at 30 September 2015, 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) On 8 January 2016, being 56 days before the third anniversary of admission (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 £50 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 £50 million, the Realisation will not take place.

If one or more Realisation Elections are duly made and the Net Asset Value of the continuing Ordinary Shares at the close of business on the last Business Day before the Reorganisation Date is less than £50 million, the Realisation will not take place, no Ordinary Shares will be redesignated as Realisation Shares and the Portfolio will not be split into the Continuation Pool and the Realisation Pool and with effect from the Reorganisation Date, unless the Directors have previously been released from this obligation by an extraordinary resolution, the investment objective and investment policy of the Company will be to realise the Company's assets on a timely basis with the aim of making progressive returns of cash to Shareholders as soon as practicable. The Directors will seek to liquidate the Company's assets as efficiently and at as much value as is possible.

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2015 to 30 September 2015

11. Analysis of Financial Assets and Liabilities by Measurement Basis

	Assets at fair value through profit and loss £	Loans and receivables £	Total £
30 September 2015			
Financial Assets as per Statement of Financial Position			
Investments at fair value through profit or loss:			
-Asset backed securities	323,400,808	-	323,400,808
Cash and cash equivalents	-	5,471,069	5,471,069
Derivative assets	68,290	-	68,290
Other receivables	-	1,534,300	1,534,300
	<u>323,469,098</u>	<u>7,005,369</u>	<u>330,474,467</u>

	Liabilities at fair value through profit and loss £	Other financial liabilities £	Total £
Financial Liabilities as per Statement of Financial Position			
Other payables	-	387,785	387,785
Derivative liabilities	3,129,129	-	3,129,129
	<u>3,129,129</u>	<u>387,785</u>	<u>3,516,914</u>

	Assets at fair value through profit and loss £	Loans and receivables £	Total £
31 March 2015 (Audited)			
Financial Assets as per Statement of Financial Position			
Investments at fair value through profit or loss:			
-Asset backed securities	339,905,279	-	339,905,279
Cash and cash equivalents	-	7,152,308	7,152,308
Derivative assets	89,873	-	89,873
Other receivables	-	1,893,161	1,893,161
	<u>339,995,152</u>	<u>9,045,469</u>	<u>349,040,621</u>

	Liabilities at fair value through profit and loss £	Other financial liabilities £	Total £
Financial Liabilities as per Statement of Financial Position			
Amounts due to brokers	-	2,162,419	2,162,419
Other payables	-	406,274	406,274
Derivative liabilities	3,246,888	-	3,246,888
	<u>3,246,888</u>	<u>2,568,693</u>	<u>5,815,581</u>

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2015 to 30 September 2015

12. 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 £30,000 payable to Mr Ash, the Chairman, £27,500 to Mr Burns as Chairman of the Audit Committee and £25,000 to Mr Burwood and Ms Etherden. During the period ended 30 September 2015, Directors fees of £53,750 (30 September 2014: £53,897) were charged to the Company, of which £26,875 (31 March 2015: £26,875) remained payable at the end of the period.

b) Shares held by related parties

As at 30 September 2015, Directors of the Company held the following shares beneficially:

	Number of Shares 30.09.15	Number of Shares 31.03.15
Trevor Ash	30,000	30,000
Richard Burwood	5,000	5,000
Jeannette Etherden	25,000	25,000

As at 30 September 2015, the Portfolio Manager held Nil Shares (31 March 2015: Nil Shares) and partners and employees of the Portfolio Manager held 858,672 Shares (31 March 2015: 858,672 Shares), which is 0.30% of the Issued Share Capital.

c) Portfolio Manager

The portfolio management fee is payable to the Portfolio Manager, TwentyFour Asset Management LLP, monthly in arrears at a rate of 0.75% per annum of the lower of Net Asset Value, which is calculated weekly on each valuation day, or market capitalisation of each class of shares. Total investment management fees for the period amounted to £1,257,929 (30 September 2014: £1,199,256) of which £222,355 (31 March 2015: £225,044) is due and payable at the period end. The Portfolio Management Agreement dated 29 May 2014 remains in force until determined by the Company or the Portfolio Manager giving the other party not less than twelve months' notice in writing. Under certain circumstances, the Company or the Portfolio Manager are 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 period the Portfolio Manager received £Nil (30 September 2014: £Nil) in commission.

On 30 April 2015, the Portfolio Manager entered into a strategic partnership with Vontobel Asset Management, however the acquisition has had no impact on the Portfolio Manager's management activities or fees.

13. Material Agreements

a) Alternative Investment Fund Manager

The Company's Alternative Investment Fund Manager (the "AIFM") is 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 ended 30 September 2015, AIFM fees of £65,295 (30 September 2014: £24,756) were charged to the Company, of which £32,524 (31 March 2015: £32,336) remained payable at the end of the period.

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2015 to 30 September 2015

13. Material Agreements (continued)

b) Administrator and Secretary

Administration fees are payable to Northern Trust International Fund Administration Services (Guernsey) Limited monthly in arrears at a rate of 0.06% of the Net Asset Value of the Company below £100 million, 0.05% on Net Assets between £100 million and £200 million and 0.04% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum £65,000 in the first year of admission and £75,000 for each year thereafter. In addition, an annual fee of £25,000 will be charged for corporate governance and company secretarial services. Total administration and secretarial fees for the period amounted to £94,589 (30 September 2014: £91,502) of which £47,102 (31 March 2015: £46,925) is due and payable at the period end.

c) Depositary

Depositary fees are payable to Northern Trust (Guernsey) Limited, monthly in arrears, at a rate of 0.0175% of the Net Asset Value of the Company up to £100 million, 0.0150% on Net Assets between £100 million and £200 million and 0.0125% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum £15,000 in the first year and £25,000 for each year thereafter. Total depositary fees and charges for the period amounted to £24,715 (30 September 2014: £16,046) of which £4,382 (31 March 2015: £4,408) is due and payable at the period end.

The Depositary is also entitled to a Global Custody fee of a minimum of £8,500 per annum plus transaction fees. Total Global Custody fees and charges for the period amounted to £17,417 (30 September 2014: £8,056) of which £2,965 (31 March 2015: £3,369) is due and payable at the period end.

14. Financial Risk Management

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

These Unaudited Condensed Interim Financial Statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 March 2015.

There have been no changes in the risk management practices or in any risk management policies since the year end.

15. 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).

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2015 to 30 September 2015

15. 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 periods ended 30 September 2015 and 31 March 2015.

	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Financial assets at fair value through profit and loss:				
Asset Backed Securities:				
<i>ABS CDO</i>	-	-	1,396,464	1,396,464
<i>CMBS</i>	-	2,182,933	14,683,756	16,866,689
<i>Leases</i>	-	1,544,962	11,806,098	13,351,060
<i>Leveraged Loan CLO</i>	-	-	114,307,933	114,307,933
<i>Non-Conforming RMBS</i>	-	18,558,789	60,703,955	79,262,744
<i>Peripheral RMBS</i>	-	8,318,262	41,364,439	49,682,701
<i>Peripheral SME</i>	-	-	8,922,802	8,922,802
<i>Prime RMBS</i>	-	1,453,089	33,776,884	35,229,973
<i>Student Loans</i>	-	-	4,380,442	4,380,442
Derivative assets	-	68,290	-	68,290
Total assets as at 30 September 2015	-	32,126,325	291,342,773	323,469,098
Liabilities				
Derivative liabilities	-	3,129,129	-	3,129,129
Total liabilities as at 30 September 2015	-	3,129,129	-	3,129,129
	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Financial assets at fair value through profit and loss:				
Asset Backed Securities:				
<i>ABS CDO</i>	-	1,396,309	-	1,396,309
<i>CMBS</i>	-	5,222,194	18,091,398	23,313,592
<i>Leases</i>	-	8,489,057	5,992,141	14,481,198
<i>Leveraged Loan CLO</i>	-	30,212,825	90,659,573	120,872,398
<i>Non-Conforming RMBS</i>	-	1,236,598	59,491,653	60,728,251
<i>Peripheral RMBS</i>	-	38,553,421	29,471,239	68,024,660
<i>Peripheral SME</i>	-	9,798,179	4,808,157	14,606,336
<i>Prime RMBS</i>	-	8,345,244	26,484,696	34,829,940
<i>Student Loans</i>	-	1,652,595	-	1,652,595
Derivative assets	-	89,873	-	89,873
Total assets as at 31 March 2015	-	104,996,295	234,998,857	339,995,152
Liabilities				
Derivative liabilities	-	3,246,888	-	3,246,888
Total liabilities as at 31 March 2015	-	3,246,888	-	3,246,888

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2015 to 30 September 2015

15. Fair Value Measurement (continued)

Asset Backed Securities which have a value based on quoted market prices in active markets, are classified in level 1. At the period end, no Asset Backed Securities held by the Company, are classified as level 1 and there were no transfers between level 1 and level 2 during the period.

Asset Backed Securities which are not traded or dealt on organised markets or exchanges are classified in level 2. The prices of these Asset Backed Securities are obtained from an independent price vendor. Alternatively, where the Portfolio Manager determines that the price 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 firm tradable price, the Asset Backed Security is classified in level 2.

Asset Backed Securities where no third party verifiable price is available (either from price vendor or third party broker/dealer quotes), or where the Portfolio Manager determines that the provided price is not an accurate representation of the fair value are classified in level 3. The Portfolio Manager will determine the valuation of these Asset Backed Securities based on the Portfolio Manager's valuation policy, which 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. Where the Portfolio Manager sources prices from a third party broker or dealer quotes and these prices are indicative rather than tradable, the Asset Backed Security is classified in level 3. All Asset Backed Securities classified as level 3 at 30 September 2015 and 31 March 2015 were priced from third party broker or dealer quotes. Due to the inputs into the valuation of the Asset Backed Securities classified as level 3 not being available or visible to the Company, no sensitivity analysis on inputs can be performed.

There were no changes in valuation techniques during the period.

The following tables present the movement in level 3 instruments for the periods ended 30 September 2015 and 31 March 2015 by class of financial instrument.

	Opening balance	Purchases / (sales)	Net realised gain/(loss) for the year included in the Statement of Comprehensive Income for level 3 Investments held at 30 September 2015	Net unrealised gain/(loss) for the year included in the Statement of Comprehensive Income for level 3 Investments held at 30 September 2015	Transfer into Level 3	Transfer out Level 3	Closing balance
	£	£	£	£	£	£	£
<i>ABS CDO</i>	-	-	-	-	1,396,464	-	1,396,464
<i>CMBS</i>	18,091,399	(4,975,076)	(3,368,037)	418,680	6,699,723	(2,182,933)	14,683,756
<i>Leases</i>	5,992,141	3,241,967	(4,437,962)	400,065	8,154,849	(1,544,962)	11,806,098
<i>Leveraged Loan CLO</i>	90,659,573	(7,754,517)	1,402,112	(450,796)	30,451,561	-	114,307,933
<i>RMBS</i>	59,491,651	11,036,247	(308,479)	(3,985,638)	6,876,942	(12,406,768)	60,703,955
<i>Peripheral RMBS</i>	29,471,239	(79,554)	(1,324,197)	(2,355,210)	15,652,161	-	41,364,439
<i>Prime RMBS</i>	26,484,697	4,812,303	(2,651,433)	(158,461)	6,742,867	(1,453,089)	33,776,884
<i>SME</i>	4,808,157	989,487	53,624	(1,025,669)	4,097,203	-	8,922,802
<i>Student Loans</i>	-	-	-	-	4,380,442	-	4,380,442
<i>Total at 30 September 2015</i>	<u>234,998,857</u>	<u>7,270,857</u>	<u>(10,634,372)</u>	<u>(7,157,029)</u>	<u>84,452,212</u>	<u>(17,587,752)</u>	<u>291,342,773</u>

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2015 to 30 September 2015

15. Fair Value Measurement (continued)

	Opening balance	Purchases /(sales)	Net realised gain/(loss) for the year included in the Statement of Comprehensive Income for level 3 Investments held at 31 March 2015	Net unrealised loss for the period included in the Statement of Comprehensive Income for level 3 Investments held at 31 March 2015	Transfer into Level 3	Transfer out Level 3	Closing balance
	£	£	£	£	£	£	£
ABS CDO	-	-	-	-	-	-	-
CMBS	-	14,614,474	(62,171)	(2,355,943)	5,895,039	-	18,091,399
Leases	17,955,491	(1,641,453)	(450,149)	(1,382,691)	-	(8,489,057)	5,992,141
Leveraged Loan CLO	94,416,998	16,697,300	(1,792,847)	(12,104,190)	6,980,645	(13,538,333)	90,659,573
RMBS	37,253,469	22,419,311	187,331	(1,380,123)	2,248,261	(1,236,598)	59,491,651
Peripheral Consumer	5,094,770	(1,023,067)	-	-	-	(4,071,703)	-
Peripheral RMBS	21,006,698	3,119,192	(785,999)	(3,725,445)	11,076,260	(1,219,467)	29,471,239
Prime RMBS	22,510,204	1,481,941	(107,011)	(245,000)	2,844,563	-	26,484,697
SME	3,430,847	(2,288,454)	(935,041)	(207,352)	4,808,157	-	4,808,157
Total at 31 March 2015	201,668,477	53,379,244	(3,945,887)	(21,400,744)	33,852,925	(28,555,158)	234,998,857

The following tables analyse within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 30 September 2015 and 31 March 2015 but for which fair value is disclosed.

	Level 1 30.09.2015 £	Level 2 30.09.2015 £	Level 3 30.09.2015 £	Total 30.09.2015 £
Assets				
Cash and cash equivalents	5,471,069	-	-	5,471,069
Other receivables	-	1,534,300	-	1,534,300
Total	5,471,069	1,534,300	-	7,005,369
Liabilities				
Other payables	-	387,785	-	387,785
Total	-	387,785	-	387,785

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2015 to 30 September 2015

15. Fair Value Measurement (continued)

	Level 1	Level 2	Level 3	Total
	31.03.2015	31.03.2015	31.03.2015	31.03.2015
	£	£	£	£
Assets				
Cash and cash equivalents	7,152,308	-	-	7,152,308
Other receivables	-	1,893,161	-	1,893,161
Total	7,152,308	1,893,161	-	9,045,469
Liabilities				
Amounts due to brokers	-	2,162,419	-	2,162,419
Other payables	-	406,274	-	406,274
Total	-	2,568,693	-	2,568,693

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

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

Other receivables include prepaid expenses and other obligations due to the Company.

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

16. 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 9.

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.

17. Dividend Policy

The Board intends to distribute an amount at least equal to the value of the Company's net income arising each quarter to the holders of Ordinary Redeemable Shares. For these purposes, the Company's income will include the interest payable by the Asset Backed Securities in the Portfolio and the amortisation of any discount or premium to par at which an Asset Backed Security is purchased over its remaining expected life, prior to its maturity, however there is no guarantee that the dividend target of 6% of the issue price for the period ended 31 March 2016 and for financial years thereafter, will be met or that the Company will make any distributions at all.

Distributions made with respect to any income period comprise (a) the accrued income of the portfolio for the period, and (b) an additional amount to reflect any income purchased in the course of any share subscriptions that took place during the period. Including purchased income in this way ensures that the income yield of the shares is not diluted as a consequence of the issue of new shares during an income period.

TwentyFour Income Fund Limited

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS Continued

for the period from 1 April 2015 to 30 September 2015

17. Dividend Policy (continued)

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

The Company declared the following dividends during the period from 1 April 2015 to 30 September 2015:

Period to	Dividend rate per Share (pence)	Net dividend payable (£)	Record date	Ex-dividend date	Pay date
30 June 2015	0.015	4,273,631	17 July 2015	16 July 2015	31 July 2015
30 September 2015	0.015	4,273,631	16 October 2015	15 October 2015	30 October 2015

Under Guernsey law, companies can pay dividends in excess of accounting profit provided they satisfy the solvency test prescribed by the Companies (Guernsey) Law, 2008. The 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 Company passed the solvency test for each dividend paid.

18. Ultimate Controlling Party

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

19. Subsequent Events

These Financial Statements were approved for issuance by the Board on 18 November 2015. Subsequent events have been evaluated until this date.

On 30 October 2015, the Company paid a dividend as detailed above.

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