TwentyFour ASSET MANAGEMENT

TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

Interim Management Report and Unaudited Condensed Interim Financial Statements

For the period from 1 October 2019 to 31 March 2020

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

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

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

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

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

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

At launch the Company had a target net total return on the original issue price of between 8% and 10% per annum. This comprised a target dividend payment of 6p and a target capital return of 2p-4p, both based on the original issue amount of 100p. There is no guarantee that this can or will be achieved, particularly given the current low interest rate environment. As such the total return generated has been lower than initially anticipated, although the 6p dividend per annum has consistently been met and the Portfolio Manager is confident, based on the current outlook, that this dividend target will be maintained in the current year. Refer to note 19 to the Financial Statements for details of the Company's dividend policy.

In accordance with the Listing Rules, the Company can only make a material change to its investment policy with the approval of its Shareholders by Ordinary Resolution.

SUMMARY INFORMATION continued

Shareholder Information

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

Financial Highlights

	For the period from 01.10.19 to 31.03.20	For the year ended 30.09.19	For the period from 01.10.18 to 31.03.19
Total Net Assets	£149,206,696	£167,827,286	£166,654,883
Net Asset Value per Share	72.40p	90.63p	90.00p
Share price	78.00p	93.00p	91.40p
Premium to NAV	7.73%	2.62%	1.56%
Dividends declared during the period/year	3.00p	6.34p	3.00p
Dividends paid during the period/year	3.34p	6.55p	3.55p

As at 20 May 2020, the premium had moved to 5.99%. The estimated NAV per share and share price stood at 76.61p and 81.20p, respectively.

Ongoing Charges

Ongoing charges for the six month period ended have been calculated in accordance with the Association of Investment Companies (the "AIC") recommended methodology. The ongoing charges for the six month period ended 31 March 2020 were 1.09% (31 March 2019: 1.13%) on an annualised basis.

CHAIRPERSON'S STATEMENT

For the period from 1 October 2019 to 31 March 2020

Not in living memory have risk assets seen such a dramatic sell-off, over such a short period of time, as they did in March 2020. This was obviously the dominant factor for the six-month period ended 31 March 2020. In the proceeding five months, market sentiment was driven by a strong technical backdrop, driving credit spreads ever tighter as yield became an ever more scarce commodity. The Portfolio Managers' main concern going into 2020 was reinvestment risk, with approximately 9% of the underlying Company assets expected to either redeem in or amortise over the year ahead.

This all changed in early March, when it became clear that the COVID-19 epidemic had spread beyond China and new epicentres had formed in South Korea and Italy; the realisation that the world was facing a pandemic shock immediately reverberated through markets. Liquidity evaporated from credit markets and prices gapped lower as indiscriminate selling from ETFs sparked a wave of forced selling from leveraged accounts that breached margin calls. The result was two to three weeks of a self-fulfilling spiral of falling prices.

The impact on the Company was considerable given many leveraged accounts are invested in AT1 and CLOs, two sectors to which the Company is exposed for relative value reasons. The Company showed a 17.41% decline over the six month period to 31 March 2020, with -20.94% derived from March alone. CLOs (26% average allocation over the period) contributed to 10.4% of the total decline and AT1s (27% average allocation over the period) accounted for 3.4% of the total decline over the period.

Despite the dramatic change in asset valuations, the Portfolio Managers' concerns regarding reinvestment risk have been alleviated and market opportunities have become more abundant now than at any time since the inception of the Company. As a result of this, 20.9 million new shares were issued (raising £15.2m for the Company) before period end, and a further 2.2 million between period end and the date of this report, both at a premium to the NAV, as investors have been attracted by the opportunity of the Company's gross expected yield increasing to over 13%, the highest level it has been.

As regards the impact on the business, the UK government has implemented unprecedented measures to restrict the possibility of transmission of the COVID-19 virus by limiting personal contact and international travel. The impact on the portfolio management team has been relatively muted, with "work from home" ("WFH") systems all operating very well and investment committee meetings taking place virtually, twice a week, rather than monthly. Trading has also operated smoothly, although with most of the investment bank trading desks also working from home, liquidity has been further negatively impacted. As regards operational resilience, the functioning of front and back office systems have been tested under Business Continuity Plans and have performed well. Both the Portfolio Manager and the Administrator as well as other service providers continue to meet all business requirements.

Whilst the ultimate scope and duration of the COVID-19 measures are currently unclear, they are likely to have a severe impact on the UK Economy, which the government and the Bank of England are attempting to offset with both traditional and unconventional fiscal and monetary policy measures. The assets in the portfolio will undoubtedly be impacted by this, although many sectors have probably already seen the highs, in terms of spreads, and have begun the recovery process, with many banks and insurance bonds having recovered 50-60% of the price moves already. As rating agencies begin to analyse corporates for the new economic reality, ratings will ultimately be cut, but it's too early currently to say what the impact will have, but high yields in particular will probably lag the recovery, and this includes CLOs, which holds high yield rated leveraged loans. The structured nature of the CLOs will mean that further analysis is required to gauge how each deal and tranche will ultimately perform, but the Portfolio Manager does not currently expect any losses on the bonds held by the Company.

CHAIRPERSON'S STATEMENT continued

For the period from 1 October 2019 to 31 March 2020

The Company experienced a challenging final month of the period, which resulted in a -17.41% total return for the period, with all the decline occurring in March. The Portfolio Managers utilised some of the new share inflow to enhance the overall credit quality of the portfolio, extend the credit spread duration and increase the overall yield, which should be seen as an attractive medium to long term strategy for investors; particularly as the outlook for rates is likely to keep yield as a scarce commodity over the long term.

The Company was not exempt from the market turmoil, the share price briefly trading at a 35% discount to NAV. This share price discount was brief and corrected as additional information on the market was provided by the Portfolio Manager, an updated NAV was published and buyers of the stock returned. The return of the share price premium and ongoing demand for the shares, allowed the issuance of 20% of the issued share capital at a premium of 3% to NAV. The Board also considered buying back shares when the shares recently traded, albeit briefly, at a discount.

In addition to the usual communication activities, the Company broker and Portfolio Manager were active in providing investors with updates on the market and portfolio during the recent market disruptions. This included various investor meetings or calls, a webinar and various written comments.

The Company's ability to pay, and the applicability of paying, the ongoing dividend is reviewed by a Committee of the Board at a monthly meeting when the Company's solvency and cash available to meet its liabilities are considered. In addition, the Portfolio Manager analyses future income and sustainability of the dividend and this is reviewed by the Board on a quarterly basis.

On behalf of the Board, I would like to thank the shareholders for their continued support.

Claire Whittet
Chair
26 May 2020

PORTFOLIO MANAGER'S REPORT

For the period from 1 October 2019 to 31 March 2020

The last three months of 2019 produced very strong performance for credit assets as the two main geopolitical risks that dominated investor thinking last year, namely the trade war between the US and China and the Brexit negotiations, both de-escalated as the year-end approached.

The period actually started on an uncertain footing as tensions increased between the US and China, with the Trump administration imposing more tariffs on the Chinese economy before the 13th round of trade talks. However, as the quarter progressed, confidence grew that a 'phase one' agreement could be reached and this led to spreads tightening in credit and US equity indices reaching new all-time highs.

Tensions elsewhere still remained, however, with the US imposing $7.5bn of tariffs on the European Union, following a WTO ruling of unfair state subsidies given to Airbus Industries. In addition, US ISM manufacturing data hit a 10-year low and the IMF cut global growth forecasts. This led to high expectations of a cut to the Fed Funds rate, which the FOMC delivered on 30 October 2020. A Turkish offensive in Syria, attacking the Kurdish held region, also impaired sentiment in the emerging markets sector.

The other major geopolitical risk was that of a 'hard' Brexit. This dominated the quarter for UK investors and culminated in the 12 December 2019 general election, with a high degree of investor relief evident as Boris Johnson secured a strong working majority for the Conservative government. While there remains a high degree of uncertainty regarding the bilateral deal with the EU and how long it might take to be negotiated, the election did guarantee a functioning government, which quickly passed the last deal negotiated by the Johnson-led government, and sterling credit spreads enjoyed a strong run into the year-end.

2020 started with sentiment remaining very positive and credit performed well, even though investors were reminded very early on that risks could quickly arise when a senior commander of the Iranian Revolutionary Guard Corps was killed in a US drone strike , causing tensions in the Middle East to escalate and giving support once again to risk-off rates products. As the risks of an Iranian retaliation dissipated, investors quickly discounted the risk of a widespread conflict and risk-on assets resumed their rally with US equities reaching record highs again towards the end of January.

News of a novel coronavirus outbreak in China impacted sentiment once more, though the initial mood was one of caution rather than fear, particularly as the unprecedented (at that stage at least) lockdown of the Wuhan province, where the virus originated, seemed initially to give Chinese authorities some control over the situation.

However, as the number of reported cases in Italy spiked higher, sentiment deteriorated dramatically as it became clear we were dealing with a worldwide pandemic. This led to some extraordinary moves across asset classes, with the S&P 500 suffering its worst day since the global financial crisis in 2008 and US Treasuries, the ultimate safe haven for many investors, trading inside 1% across the curve – something never previously seen with the 30-year bond reaching an all-time tight of 0.997%. Credit markets were frozen as investors scrambled for cash, causing bond prices to fall regardless of quality or maturity in the fastest sell-off ever that we can recall.

The pandemic had many consequences; international borders being shut, central banks stepping up easing measures and governments launching fiscal stimulus packages. Some governments also took steps to restrict movement of citizens within their countries with lockdowns and curfews, led by Italy as it extended the lockdown from its northern region to the entire country. The effect was a near shutdown of large parts of the global economy as the economic cycle ended and a deep recession was opened. While the tenor of this recession is expected to be relatively short, the magnitude is expected to be very large in the first instance.

PORTFOLIO MANAGER'S REPORT continued

For the period from 1 October 2019 to 31 March 2020

The US Federal Reserve announced an emergency interest rate cut of 50bp on March 3, taking the Fed Funds rate to 1-1.25%. This was the first time the Fed had cut interest rates outside of a scheduled meeting since August 2008 after the fall of Lehman Brothers. Unfortunately, this did little to alleviate concerns and risk assets continued to fall with expectations of fiscal stimulus increasing.

The UK was the first country to announce coordinated fiscal and monetary action, cutting interest rates by 50bp to 25bp, and importantly for the banking sector also reducing the countercyclical capital buffer to 0%, freeing up capital equivalent to a capacity of £290bn, to support and encourage banks to lend through the uncertainty and downturn ahead. The central bank meeting was quickly followed by Chancellor of the Exchequer, Rishi Sunak, announcing several fiscal measures to support the economy and country during the pandemic. The European Central Bank ("ECB") held its policy meeting as scheduled and although it did not cut interest rates (already at -0.5%), it did announce an increase in its asset purchase program and also reduced capital requirements for banks. However, the market was underwhelmed at the conference and the response was muted.

With risk-on assets continuing to slide rapidly the Fed stepped back in with several measures. Firstly, another emergency rate cut of 100bp took the range to 0-0.25% and more importantly, a liquidity programme that included buying government bonds, mortgage-backed securities and, for the first time in the central bank's history, corporate debt and ETFs. Supporting this, a $2tr package of spending and tax breaks passed a vote in the Senate (after a couple of delays in the process as politicians reached agreement), which improved sentiment and led to a bounce in asset prices. Across the globe major economies announced very large scale supportive packages, with aid for businesses, tax breaks and support for the unemployed. The central banks continued with rate cuts, including one more from the Bank of England, as well as almost unlimited liquidity packages to assist markets and encourage the banks to keep lending. The IMF also signalled it was ready with $1tr to support struggling countries.

Adding fuel to the fire, another major headwind for markets was the collapse of Russia's alliance with OPEC and Saudi Arabia's subsequent response to open the taps, which led to the biggest fall in the price of oil since the Gulf War in 1991. The price fell by more than 50% to under $25 a barrel, adding to already heightened market volatility, especially in the US high yield market where there are a large number of energy companies. There was little recovery as the price war goes on and oil finished Q1 2020 close to its lows.

As we moved into Q2, the price fell further to $20 a barrel, however as we approached the expiry of the May contract on the 20 April, the inability of contract holders to take physical delivery of the oil, saw the oil price stray into negative territory. Prices quickly recovered to towards $20 again for the June contract, and as we approached mid-May, prices had recovered to $30 as OPEC agreed to supply cuts and on news that demand from China was remaining robust. However price volatility is expect to remain for the foreseeable future.

Portfolio Commentary

The aggressive sell-off and total evaporation of market liquidity was felt through all sectors and risk asset prices gapped lower in a vacuum, with the added headwinds of forced ETF and margin selling and investment banks being reluctant to position the risk. Correlations broke down early in March, which only fuelled a further dash for liquidity which lasted about two weeks, but left asset prices extremely dislocated, with even fundamentally strong bonds trading down by over 40 points.

PORTFOLIO MANAGER'S REPORT continued

For the period from 1 October 2019 to 31 March 2020

Portfolio Commentary continued

The global economic shut down will have dire consequences for many companies, particularly those cyclical in nature and those operating in industries such as energy, commodities, autos, travel and retail, to name a few, and wholesale downgrades are also expected. The portfolio is expected to be negatively impacted, in due course, by downgrades, however the Portfolio Manager has avoided many of the weaker sectors and overall held less than 5% combined in the Euro, UK and US HY corporate bond sectors, as at the end of March.

The CLO portion of the portfolio, 20.8% as at the end of March, will so be negatively impacted by the global pandemic and the subsequent economic shut downs. These contain portfolios of mainly high yielding, European, leverage loans. The ratings of these leverage loans are expected to be lowered by the rating agencies over time and this could result in automatic actions being taking by the CLO managers, depending on what triggers are hit. Dividends to equity holders (the Company does not hold equity tranches) and subordinated management fees could be turned off to protect the debt holders in the CLOs, and if leverage loan losses are severe enough, coupons to the lower rated tranches could also be suspended – which would have to be repaid at a later date upon the recovery of the deal. The Portfolio Management team do not currently expect any losses to the CLO holdings.

The Portfolio Managers were active in investing the liquidity available in the Company and the issue of shares at the end of March allowed them to source fundamentally sound bonds at cheap valuations, adding significant value to the portfolio. The new capital issued has been mostly invested in the Bank and Insurance sectors, which the Portfolio Managers feel are best positioned to prosper in the post-pandemic environment. The average ratings of the purchases have also been higher, with over 40% of new investments made (covering the last 3 months) having an investment grade rating and almost 50% being rated BB.

As would be expected, the strong performance accumulated over the first four months of the period was quickly wiped out by the sharp moves in March. Credit indices posted negative returns across the board in March, with the Coco Bond Market index falling 12.7%, Euro HY falling by 12.8%, sterling HY by 10.8% and US HY by 11.9% - all in £ terms.

Over the period, the Company declined -17.41% (NAV per Share, total return) during the six months.

Market Outlook and Strategy

The team will be paying very close attention to coronavirus developments; signs that it is plateauing in the current hotspots, how China recovers as it reopens its economy, and any progress towards mass testing and vaccines. These are currently the key drivers of sentiment and will be a big factor in determining market direction.

Key data releases will be important as the Portfolio Managers look for early signs of how the virus shutdown is impacting economies. There was the first sign of this in March with the US jobless claims number, which came in at an all-time high of 3.28m.

PORTFOLIO MANAGER'S REPORT continued
For the period from 1 October 2019 to 31 March 2020

Market Outlook and Strategy continued
In addition, the Portfolio Managers will be paying very close attention to the credit environment, as the number of downgrades is expected to increase substantially, particularly in the cyclical industries, which will also be the areas that are likely to suffer from an increasing insolvency rate. Given that the Portfolio Managers were focused on end of cycle risks, the portfolio does not have significant risk to cyclical sectors. Knowing that the world is still in the very early stages of recession, the focus for the managers will be on adding high quality, resilient credit from the most robust sectors, staying away from the bottom end of the credit spectrum, where defaults will be concentrated.

Given the very high yields available in strong corporates and financials, the team will focus on extending the portfolio's maturity profile to lock into these yields for longer. Volatility is likely to remain elevated and the Portfolio Managers will put money to work in a very cautious manner.

TwentyFour Asset Management LLP
26 May 2020

TOP TWENTY HOLDINGS

As at 31 March 2020

	Nominal/ Shares	Credit Security Sector	Fair Value * £	Percentage of Net Asset Value
Nationwide Bldg Society 10.25 29/06/2049	40,960	Financial - Banks	5,447,680	3.65
Coventry Bldg Society 6.875 31/12/2049	4,560,000	Financial - Banks	4,149,600	2.78
Aldermore Group 11.875 31/12/2049	3,350,000	Financial - Banks	3,350,000	2.25
Oaknorth Bank 7.75 01/06/2028	2,500,000	Financial - Banks	2,543,750	1.70
Santander UK	2,000,000	Financial - Banks	2,535,888	1.70
Bracken Midco1 8.875 15/10/2023	2,960,000	High Yield - European	2,372,643	1.59
Capital Bridging Finance 1 MEZZ 12/11/2018	2,500,000	ABS	2,362,500	1.58
Phoenix Group 5.75 31/12/2049	2,780,000	Financial - Insurance	2,355,425	1.58
Paragon Group of Companies 7.25 09/09/2026	2,200,000	Financial - Banks	2,312,858	1.55
Societe Generale 7.375 31/12/2049	2,960,000	Financial - Banks	2,219,390	1.49
Armada Euro Clo 15/07/2033	4,000,000	ABS	2,126,242	1.43
Investec 6.75 FRN 31/12/2049	2,500,000	Financial - Banks	2,082,567	1.40
Rothesay Life 6.875 31/12/2049	2,500,000	Financial - Insurance	2,074,246	1.39
Barclays PLC 7.875 31/12/2049	2,365,000	Financial - Banks	2,066,123	1.38
Charles Street Conduit FRN 08/12/2065	2,000,000	ABS	2,020,000	1.35
Pension Insurance 6.5 03/07/2024	1,780,000	Financial - Insurance	1,960,727	1.31
Banco Bilbao Vizcaya Argentaria 8.875 29/12/2049	2,200,000	Financial - Banks	1,909,857	1.28
Banco de Sabadell 6.5 31/12/2049	2,800,000	Financial - Banks	1,848,649	1.24
Virgin Money UK 8.75 FRN 31/12/2049	2,050,000	Financial - Banks	1,839,875	1.23
Onesavings Bank 9.125 31/12/2049	2,200,000	Financial - Banks	1,804,000	1.21
Total			49,382,020	33.09

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

The full portfolio listing of bonds and asset backed securities ("ABS") as at 31 March 2020 can be obtained from the Administrator on request.

BOARD MEMBERS

Biographical details of the Directors are as follows:

Claire Whittet - (Chair) (age 65)
Ms Whittet is a resident of Guernsey and has 40 years' experience in the banking industry. She joined Rothschild Bank International Ltd as a Director in 2003 and was latterly Managing Director and Co-Head before becoming a Non-Executive Director on her retirement in 2016. She began her career at the Bank of Scotland where she was for 19 years in a variety of personal and corporate finance roles and subsequently, joined Bank of Bermuda as Global Head of Private Client Credit before joining Rothschild.

Ms Whittet is a Non-Executive Director of a number of listed investment funds and PE entities which invest in a wide range of assets.

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 64)
Mr Legge is a Guernsey resident and worked for Ernst & Young in Guernsey from 1983 to 2003. Having joined the firm as an audit manager in 1983, he was appointed a partner in 1986 and managing partner in 1998. From 1990 to 1998, he was head of Audit and Accountancy and was responsible for the audits of a number of banking, insurance, investment fund, property fund and other financial services clients. He also had responsibility for the firm's training, quality control and compliance functions. He was appointed managing partner for the Channel Islands region in 2000 and merged the business with Ernst & Young LLP in the United Kingdom. He retired from Ernst & Young in 2003.

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

Ian Martin - (Non-executive Director) (age 56)
Mr Martin has over 36 years' experience in finance gathered in a variety of multi asset investment focused roles in the UK, Asia, Switzerland and South America. More recently he was the Chief Investment Officer (CIO) and Head of Asset Management and Research at Lloyds Bank in Geneva and then Head of Bespoke Portfolio Management and Advisory for key clients in UBP Bank in Geneva. Previous roles have included senior roles in equity derivatives and multi asset trading as well as CIO and Managing Director of a Fund of Hedge funds company.

He has an MSc, is a Fellow of the Institute of Directors (IOD) holding the Chartered Director qualification as well as being a Chartered Member of the Chartered Institute of Securities and Investment (CISI). 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 2019. 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. Whilst the Board and Portfolio Manager do not consider these risks to have changed, and they remain relevant for the remaining six months of the year, the COVID-19 pandemic has had a very significant negative effect on capital markets. This has increased volatility and the current crisis has engendered market disruptions which have the potential to affect market liquidity. The majority of the employees of all the Company's service providers are currently working remotely .The Board have received assurances from these service providers that their business continuity plans moved into operation and that all essential services are being provided on a timely basis but there is a risk of potential disruption from these services should the situation deteriorate further

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

- Reinvestment risk
  Reinvestment risk is the risk that any monies resulting from principal and income payments from a bond are reinvested at a lower interest rate than that captured when the bond was initially purchased.

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

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

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

- COVID-19
  The UK government in common with its European neighbours has implemented unprecedented measures to restrict the possibility of transmission of the COVID-19 virus by limiting personal contact and international travel. Whilst the ultimate scope and duration of these measures is currently unclear, they are likely to have a severe impact on the UK Economy, which both the government and the Bank of England are attempting to offset with both traditional and unconventional fiscal and monetary policy measures. The Company's portfolio will be impacted by any risks emerging from changes in the macroeconomic environment. The Company intends to mitigate the risk of this uncertainty on the liquidity of its shares by providing regular shareholder updates. In making this assessment, the Board has considered and continues to monitor the impact of COVID-19 on the current and future operations of the Company, including when considering tap issues.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES continued

Related Parties

Related party balances and transactions are disclosed in note 14 of these Unaudited Condensed Interim Financial Statements.

Going Concern

Under the 2018 UK Corporate Governance Code and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern and to identify any material uncertainties to the Company's ability to continue as a going concern for at least 12 months from the date of approving these Unaudited Condensed Interim Financial Statements.

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

RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge:

- these Unaudited Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by the UK Listing Authority's Disclosure and Transparency Rule ("DTR") 4.2.4R.

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

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the period from 1 October 2019 to 31 March 2020 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 2019 to 31 March 2020 and that have materially affected the financial position or performance of the Company during that period as included in note 14.

By order of the Board,

Claire Whittet
Chair
26 May 2020

Christopher Legge
Director

INDEPENDENT REVIEW REPORT

TO TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

Report on the unaudited condensed interim financial statements

Our conclusion

We have reviewed TwentyFour Select Monthly Income Fund Limited's unaudited condensed interim financial statements (the "interim financial statements") in the Interim Management Report and Unaudited Condensed Interim Financial Statements of TwentyFour Select Monthly Income Fund Limited for the 6-month period ended 31 March 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are 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 interim financial statements comprise:

- the condensed statement of financial position as at 31 March 2020;
- the condensed statement of comprehensive income for the period then ended;
- the condensed statement of cash flows for the period then ended;
- the condensed statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Management Report and Unaudited Condensed Interim Financial Statements have 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.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Company is The Companies (Guernsey) Law, 2008 and International Financial Reporting Standards (IFRSs).

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors

The Interim Management Report and Unaudited Condensed Interim Financial Statements, including the interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Management Report and Unaudited Condensed Interim Financial Statements 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 responsibility is to express a conclusion on the interim financial statements in the Interim Management Report and Unaudited Condensed Interim Financial Statements 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.

INDEPENDENT REVIEW REPORT continued

TO TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

What a review of interim financial statements involves

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.

We have read the other information contained in the Interim Management Report and Unaudited Condensed Interim Financial Statements 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
26 May 2020

(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 financial statements since they were initially presented on the website.

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 October 2019 to 31 March 2020

	Notes	For the period from 01.10.19 to 31.03.20 £ (Unaudited)	For the period from 01.10.18 to 31.03.19 £ (Unaudited)
Income			
Interest income on financial assets at fair value through profit and loss		6,953,324	6,024,029
Net foreign currency (losses)/gains	7	(348,703)	2,765,645
Net losses on financial assets at fair value through profit or loss	8	(33,334,098)	(7,190,770)
Total (loss)/income		(26,729,477)	1,598,904
Expenses			
Portfolio management fees	14	(628,844)	(624,367)
Directors' fees	14	(58,000)	(55,500)
Administration fees	15	(59,457)	(59,210)
AIFM management fees	15	(40,154)	(39,934)
Audit fee		(27,940)	(25,049)
Custody fees	15	(9,796)	(9,086)
Broker fees		(24,944)	(23,185)
Depositary fees	15	(13,923)	(13,768)
Legal fees		(8,813)	(36,128)
Other expenses		(47,537)	(57,322)
Total expenses		(919,408)	(943,549)
Total comprehensive (loss)/income for the period		(27,648,885)	655,355
(Loss)/earnings per Ordinary Share - Basic & Diluted	3	(0.149)	0.004

All items in the above statement derive from continuing operations.

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

CONDENSED STATEMENT OF FINANCIAL POSITION

as at 31 March 2020

Assets	Notes	31.03.20 £ (Unaudited)	30.09.19 £ (Audited)
Current assets			
Financial assets at fair value through profit and loss			
- Investments	8	135,286,801	158,334,767
- Derivative assets: Forward currency contracts		22,901	686,397
Shares issued receivable	9	15,372,431	-
Amounts due from broker		-	629,488
Other receivables	10	3,022,787	2,717,968
Cash and cash equivalents		2,113,544	7,197,759
Total current assets		155,818,464	169,566,379
Liabilities			
Current liabilities			
Amounts due to broker		3,787,540	444,938
Other payables	11	596,835	282,609
Financial liabilities at fair value through profit and loss			
- Derivative liabilities: Forward currency contracts		2,009,928	34,760
Interest income received in advance		217,465	976,786
Total current liabilities		6,611,768	1,739,093
Total net assets		149,206,696	167,827,286
Equity			
Share capital account	12	195,330,097	180,201,379
Retained earnings		(46,123,401)	(12,374,093)
Total equity		149,206,696	167,827,286
Ordinary Shares in issue	12	206,079,151	185,179,151
Net Asset Value per Ordinary Share (pence)	5	72.40	90.63

The Unaudited Condensed Interim Financial Statements on pages 18 to 37 were approved by the Board of Directors on 26 May 2020 and signed on its behalf by:

Claire Whittet
Chair

Christopher Legge
Director

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

CONDENSED STATEMENT OF CHANGES IN EQUITY

for the period from 1 October 2019 to 31 March 2020

	Notes	Share capital account £ (Unaudited)	Retained earnings £ (Unaudited)	Total £ (Unaudited)
Balance at 1 October 2019		180,201,379	(12,374,093)	167,827,286
Issue of shares		15,372,431	-	15,372,431
Share issue costs		(153,724)	-	(153,724)
Income equalisation on new issues	4	(89,989)	89,989	-
Distributions paid		-	(6,190,412)	(6,190,412)
Total comprehensive (loss)/income for the period		-	(27,648,885)	(27,648,885)
Balance at 31 March 2020		195,330,097	(46,123,401)	149,206,696

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

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

CONDENSED STATEMENT OF CASH FLOWS

for the period from 1 October 2019 to 31 March 2020

	Notes	For the period from 01.10.19 to 31.03.20 £ (Unaudited)	For the period from 01.10.18 to 31.03.19 £ (Unaudited)
Cash flows from operating activities			
Total comprehensive (loss)/income for the period		(27,648,885)	655,355
Adjustments for:			
Net losses on financial assets at fair value through profit or loss	8	33,334,098	7,190,770
Amortisation adjustment under effective interest rate method	8	(358,965)	(207,918)
Unrealised losses on derivatives	7	2,638,665	104,432
Exchange (gain)/loss on cash and cash equivalents		(2,451)	2,765,910
Increase in other receivables	10	(304,819)	(142,388)
Decrease in other payables	11	(598,819)	(50,095)
Purchase of investments	8	(25,666,097)	(33,797,696)
Sale of investments	8	19,711,019	31,115,946
Net cash generated from operating activities		1,103,746	7,634,316
Cash flows used in financing activities			
Proceeds from issue of ordinary shares	12	-	2,847,700
Share issue costs	12	-	(33,602)
Dividend distribution	19	(6,190,412)	(6,557,660)
Net cash outflow from financing activities		(6,190,412)	(3,743,562)
(Decrease)/increase in cash and cash equivalents		(5,086,666)	3,890,754
Cash and cash equivalents at beginning of period		7,197,759	6,834,535
Exchange gain/(loss) on cash and cash equivalents		2,451	(2,765,910)
Cash and cash equivalents at end of period		2,113,544	7,959,379

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
for the period from 1 October 2019 to 31 March 2020

1. General Information

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

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

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

2. Principal Accounting Policies

a) Basis of preparation and Statement of compliance

The Unaudited Condensed Interim Financial Statements for the period from 1 October 2019 to 31 March 2020 have been prepared on a going concern basis in accordance with IAS 34, the Listing Rules of the LSE and applicable legal and regulatory requirements.

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements for the year ended 30 September 2019, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and for which an unqualified audit report was issued by the independent auditor.

b) Changes in accounting policy

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

c) Significant judgements and estimates

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

d) Standards, amendments and interpretations effective during the period

At the reporting date of these Unaudited Condensed Interim Financial Statements, there were no new standards, interpretations and amendments applicable to the Company for the period ended 31 March 2020.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2019 to 31 March 2020

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

The loss per Ordinary Share - Basic and Diluted of 14.9p (31 March 2019: 0.4p earnings) has been calculated based on the weighted average number of Ordinary Shares of 185,635,981 (31 March 2019: 184,832,997) and a net loss for the period of £27,648,885 (31 March 2019: £655,355 gain).

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 £89,989 (31 March 2019: £6,165).

5. Net Asset Value per Ordinary Share

The net asset value of each Share of 72.40p (30 September 2019: 90.63p) is determined by dividing the net assets of the Company attributed to the Shares of £149,206,696 (30 September 2019: £167,827,286) by the number of Shares in issue at 31 March 2020 of 206,079,151 (30 September 2019: 185,179,151).

6. Taxation

The Company has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability for Guernsey taxation is limited to an annual fee of £1,200 (30 September 2019: £1,200).

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2019 to 31 March 2020

7. Net foreign currency (losses)/gains

	For the period from 01.10.19 to 31.03.20 (Unaudited) £	For the period from 01.10.18 to 31.03.19 (Unaudited) £
Movement in net unrealised losses on forward currency contracts	(2,638,665)	(104,432)
Movement in unrealised gains on spot currency contracts	601	14,463
Realised gains on forward currency contracts	596,276	2,955,715
Realised currency gains/(losses) on receivables/payables	1,652,529	(76,092)
Unrealised currency gains/(losses) on receivables/payables	40,556	(24,009)
	(348,703)	2,765,645

8. Investments

	As at 31.03.20 (Unaudited) £	As at 30.09.19 (Audited) £
Financial assets at fair value through profit and loss:		
Unlisted Investments:		
Opening amortised cost	156,072,167	158,413,688
Purchases at cost	29,008,699	61,344,183
Proceeds on sale/principal repayment	(19,081,532)	(63,383,538)
Amortisation adjustment under effective interest rate method	358,965	511,152
Realised gain on sale/principal repayment	804,168	4,595,217
Realised loss on sale/principal repayment	(1,458,910)	(5,408,535)
Closing amortised cost	165,703,557	156,072,167
Unrealised gain on investments	633,873	5,579,321
Unrealised loss on investments	(31,050,629)	(3,316,721)
Fair value	135,286,801	158,334,767

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2019 to 31 March 2020

8. Investments continued

	As at 31.03.20 (Unaudited) £	For the period from 01.10.18 to 31.03.19 (Unaudited) £
Realised gain on sale/principal repayment	804,168	2,068,463
Realised loss on sale/principal repayment	(1,458,910)	(4,220,041)
Decrease in unrealised gain	(4,945,448)	(3,190,931)
Increase in unrealised loss	(27,733,908)	(1,848,261)
Net loss on financial assets at fair value through profit or loss	(33,334,098)	(7,190,770)

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

9. Shares issued receivable

As at 31 March 2020, £15,372,431 was receivable relating to shares issued. All amounts are short term and have been received post period end. Therefore, there is no impairment to be recognised.

10. Other receivables

	As at 31.03.20 (Unaudited) £	As at 30.09.19 (Audited) £
Interest income receivable	2,873,128	2,479,801
Prepaid expenses	52,149	28,904
Dividends receivable	96,909	209,263
Foreign currency receivable	601	-
	3,022,787	2,717,968

11. Other payables

	As at 31.03.20 (Unaudited) £	As at 30.09.19 (Audited) £
Portfolio management fees payable	299,448	107,716
Administration fees payable	28,454	23,322
AIFM management fees payable	15,183	16,138
Audit fees payable	24,845	54,000
Other expenses payable	69,417	76,953
Depositary fees payable	2,150	2,239
Custody fees payable	3,614	2,241
Share issue costs payable	153,724	-
	596,835	282,609

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2019 to 31 March 2020

12. Share Capital

Authorised Share Capital

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

Issued Share Capital

	As at 31.03.20 £	As at 30.09.19 £
Ordinary Shares		
Share Capital at the beginning of the period/year	180,201,379	177,393,446
Issue of shares	15,372,431	2,847,700
Share issue costs	(153,724)	(33,602)
Income equalisation on new issues	(89,989)	(6,165)
Total Share Capital at the end of the period/year	195,330,097	180,201,379

Reconciliation of number of Shares

	31.03.20 Shares	30.09.19 Shares
Ordinary Shares		
Shares at the beginning of the period/year	185,179,151	182,179,151
Issue of shares	20,900,000	3,000,000
Total Shares in issue at the end of the period/year	206,079,151	185,179,151

The Ordinary Shares carry the following rights:

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

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

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.

The Company held no Treasury as at 31 March 2020 (30 September 2019: Nil).

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2019 to 31 March 2020

13. Analysis of Financial Assets and Liabilities by Measurement Basis as per Statement of Financial Position

	Financial assets at fair value through profit and loss	Amortised Cost	Total
	£	£	£
31 March 2020 (Unaudited)			
Financial Assets			
Financial assets at fair value through profit and loss			
-Investments			
-Bonds	76,733,189	-	76,733,189
-Asset backed securities	58,553,612	-	58,553,612
-Derivative assets: Forward currency contracts	22,901	-	22,901
Shares issued receivable	15,372,431	-	15,372,431
Other receivables (excluding prepaid expenses)	-	2,970,638	2,970,638
Cash and cash equivalents	-	2,113,544	2,113,544
	150,682,133	5,084,182	155,766,315

	Financial liabilities at fair value through profit and loss	Other financial liabilities	Total
	£	£	£
31 March 2020 (Unaudited)			
Financial Liabilities			
Amounts due to broker	-	3,787,540	3,787,540
Other payables	-	596,835	596,835
Financial liabilities at fair value through profit and loss			
-Derivative liabilities: Forward currency contracts	2,009,928	-	2,009,928
	2,009,928	4,384,375	6,394,303

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2019 to 31 March 2020

13. Analysis of Financial Assets and Liabilities by Measurement Basis as per Statement of Financial Position continued

	Financial assets at fair value through profit and loss	Amortised Cost	Total
	£	£	£
30 September 2019 (Audited)			
Financial Assets			
Financial assets at fair value through profit and loss			
-Investments			
-Bonds	97,230,422	-	97,230,422
-Asset backed securities	61,104,345	-	61,104,345
-Derivative assets: Forward currency contracts	686,397	-	686,397
Amounts due from broker	-	629,488	629,488
Other receivables (excluding prepaid expenses)	-	2,689,064	2,689,064
Cash and cash equivalents	-	7,197,759	7,197,759
	159,021,164	10,516,311	169,537,475

	Financial liabilities at fair value through profit and loss	Other financial liabilities	Total
	£	£	£
30 September 2019 (Audited)			
Financial Liabilities			
Amounts due to broker	-	444,938	444,938
Other payables	-	282,609	282,609
Financial liabilities at fair value through profit and loss			
-Derivative liabilities: Forward currency contracts	34,760	-	34,760
	34,760	727,547	762,307

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2019 to 31 March 2020

14. Related Parties

a) Directors' Remuneration & Expenses

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

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

	31.03.20	30.09.19
	£	£
Claire Whittet (Chair of the Board)	22,000	42,000
Christopher Legge (Audit Committee Chairman)	19,250	37,000
Ian Martin (MEC Chairman)	16,750	32,000
Total Directors' fees	58,000	111,000

Directors fees were increased as follows effective 1 October 2019: Chair: £44,000 (4.8% increase), Audit Committee Chair: £38,500 (4.1% increase), MEC Chair £33,500 (4.7% increase) and an ordinary Director £31,500 (5% increase).

No Directors fees were outstanding as at 31 March 2020 (30 September 2019: £Nil)

b) Shares held by related parties

The Directors of the Company held the following shares beneficially:

	31.03.20	30.09.19
	Shares	Shares
Claire Whittet	25,000	25,000
Christopher Legge	50,000	50,000
Ian Martin	35,000	35,000

Directors are entitled to receive the dividends on any shares held by them during the period. Dividends declared by the Company are set out in note 19.

As at 31 March 2020, the Portfolio Manager held no Shares (30 September 2019: no Shares) of the Issued Share Capital. Partners and employees of the Portfolio Manager increased their holdings during the period, and held 1,151,594 (30 September 2019: 1,010,642), which is 0.68% (30 September 2019: 0.55%) of the Issued Share Capital.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2019 to 31 March 2020

14. Related Parties continued

c) Portfolio Manager

The portfolio management fee is payable to the Portfolio Manager, monthly in arrears at a rate of 0.75% per annum of the lower of NAV, which is calculated weekly on each valuation day, or market capitalisation of each class of shares. Total portfolio management fees for the period amounted to £628,844 (31 March 2019: £624,367) of which £299,448 (30 September 2019: £107,716) 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 £10,297 (31 March 2019: £5,145) in commission.

15. Material Agreements

a) Alternative Investment Fund Manager ("AIFM")

The Company's AIFM is Maitland Institutional Services Limited. In consideration for the services provided by the AIFM under the AIFM Agreement the AIFM is entitled to receive from the Company a minimum fee of £20,000 per annum and fees payable quarterly in arrears at a rate of 0.07% of the Net Asset Value of the Company below £50 million, 0.05% on Net Assets between £50 million and £100 million and 0.03% on Net Assets in excess of £100 million. During the period, AIFM fees of £40,154 (31 March 2019: £39,934) were charged to the Company, of which £15,183 (30 September 2019: £16,138) 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 £59,457 (31 March 2019: £59,210) were charged to the Company, of which £28,454 (30 September 2019: £23,322) remained payable at the end of the period.

c) Broker

For its services as the Company's broker, Numis Securities Limited (the "Broker") is entitled to receive a retainer fee of £50,000 per annum and also a commission of 1% on all tap issues. During the period, the Broker received £143,427 (31 March 2019: £28,477) 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 2019 to 31 March 2020

15. 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 NAV of the Company below £100 million, 0.0150% on Net Assets between £100 million and £200 million and 0.0125% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum of £25,000 for each year. During the period, depositary fees of £13,923 (31 March 2019: £13,768) were charged to the Company, of which £2,150 (30 September 2019: £2,239) remained payable at the end of the period.

The Depositary is also entitled to a Global Custody fee of a minimum of £8,500 per annum plus transaction fees. Total Global Custody fees and charges for the period amounted to £9,796 (31 March 2019: £9,086) of which £3,614 (30 September 2019: £2,241) is due and payable at the end of the period.

16. Financial Risk Management

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

These Unaudited Condensed Interim Financial Statements do not include the financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements for the year ended 30 September 2019.

17. 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 2019 to 31 March 2020

17. 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 2020.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Financial assets at fair value through profit or loss				
-Investments				
-Bonds	-	66,319,552	10,413,637	76,733,189
-Asset backed securities	-	58,553,612	-	58,553,612
-Derivative assets: Forward currency contracts	-	22,901	-	22,901
Total assets as at 31 March 2020	-	124,896,065	10,413,637	135,309,702
Liabilities				
Financial liabilities at fair value through profit or loss				
-Derivative liabilities: Forward currency contracts	-	2,009,928	-	2,009,928
Total liabilities as at 31 March 2020	-	2,009,928	-	2,009,928

17. Fair Value Measurement continued

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value as at 30 September 2019.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets	**(Audited)**	**(Audited)**	**(Audited)**	**(Audited)**
Financial assets at fair value through profit or loss				
-Bonds	-	89,863,362	7,367,060	97,230,422
-Asset backed securities	-	61,104,345	-	61,104,345
-Derivative assets: Forward currency contracts	-	686,397	-	686,397
Total assets as at 30 September 2019	-	151,654,104	7,367,060	159,021,164
Liabilities				
Financial liabilities at fair value through profit or loss				
-Derivative liabilities: Forward currency contracts	-	34,760	-	34,760
Total liabilities as at 30 September 2019	-	34,760	-	34,760

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

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

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2019 to 31 March 2020

17. Fair Value Measurement continued

There were no transfers between levels during the period.

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

The following table presents the movement in level 3 instruments for the period ended 31 March 2020 by class of financial instrument.

	Bonds	Asset backed securities	Total
31 March 2020 (Unaudited)	**£**	**£**	**£**
Opening balance	-	7,367,060	7,367,060
Net purchases	-	3,498,673	3,498,673
Net realised gain for the period	-	19,511	19,511
Net unrealised loss for the period	-	(471,607)	(471,607)
Closing balance	-	10,413,637	10,413,637

The following table presents the movement in level 3 instruments for the year ended 30 September 2019 by class of financial instrument.

	Bonds	Asset backed securities	Total
30 September 2019 (Audited)	**£**	**£**	**£**
Opening balance	65,597,915	9,709,398	75,307,313
Net purchases	(11,225,449)	792,964	(10,432,485)
Net loss for the year	(1,517,620)	(1,091,307)	(2,608,927)
Net unrealised gain/(loss) for the year	289,073	(34,597)	254,476
Transfer into Level 3	-	2,500,000	2,500,000
Transfer out of Level 3	(53,143,919)	(4,509,398)	(57,653,317)
Closing balance	-	7,367,060	7,367,060

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2019 to 31 March 2020

17. 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 2020 but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
31 March 2020	**£**	**£**	**£**	**£**
Assets				
Other receivables	-	3,022,787	-	3,022,787
Cash and cash equivalents	2,113,544	-	-	2,113,544
Total	**2,113,544**	**3,022,787**	**-**	**5,136,331**
Liabilities				
Amounts due to broker	-	3,787,540	-	3,787,540
Other payables	-	596,835	-	596,835
Total	**-**	**4,384,375**	**-**	**4,384,375**

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 30 September 2019 but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
30 September 2019	**£**	**£**	**£**	**£**
Assets				
Amounts due from broker	-	629,488	-	629,488
Other receivables	-	2,717,968	-	2,717,968
Cash and cash equivalents	7,197,759	-	-	7,197,759
Total	**7,197,759**	**3,347,456**	**-**	**10,545,215**
Liabilities				
Amounts due to broker	-	444,938	-	444,938
Other payables	-	282,609	-	282,609
Total	**-**	**727,547**	**-**	**727,547**

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.

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2019 to 31 March 2020

18. Segmental Reporting

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

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

Revenue earned is reported separately on the face of the Condensed Statement of Comprehensive Income as interest income on financial assets at fair value through profit and loss being interest income received from Credit Securities.

19. Dividend Policy

The Board intends to distribute an amount at least equal to the value of the Company's excess income, as defined below, 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.

Excess income is defined as the distributions made with respect to any income period, which comprise (a) the accrued income of the portfolio for the period (for these purposes, the Company's income will include the interest payable by the Credit Securities in the portfolio and amortisation of any discount or premium to par at which a Credit Security is purchased over its remaining expected life), and (b) an additional amount to reflect any income purchased in the course of any share subscriptions that took place during the period. Including purchased income in this way ensures that the income yield of the shares is not diluted as a consequence of the issue of new shares during an income period and (c) any gain / (loss) on the foreign exchange contracts caused by the libor differentials between each foreign exchange currency pair. This definition differs from the IFRS "net income" definition which also recognises gains and losses on financial assets.

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 2020:

Period to	Dividend rate per Share (pence)	Net dividend paid Income (£)	Ex-dividend date	Record date	Pay date
31 October 2019	0.50	925,896	14 November 2019	15 November 2019	29 November 2019
30 November 2019	0.50	925,896	19 December 2019	20 December 2019	31 December 2019
31 December 2019	0.50	925,896	16 January 2020	17 January 2020	31 January 2020
31 January 2020	0.50	925,896	13 February 2020	14 February 2020	28 February 2020
28 February 2020	0.50	925,896	19 March 2020	20 March 2020	31 March 2020
31 March 2020	0.50	1,100,396	23 April 2020	24 April 2020	4 May 2020

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued
for the period from 1 October 2019 to 31 March 2020

19. Dividend Policy continued

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.

20. Ultimate Controlling Party

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

21. Subsequent Events

These Unaudited Condensed Interim Financial Statements were approved for issuance by the Board on 26 May 2020. Subsequent events have been evaluated to this date.

Subsequent to the period end and up to the date of signing of the Unaudited Condensed Interim Financial Statements, the following events took place:

Dividend declarations

Declaration date	Dividend rate per Share (pence)
16 April 2020	0.50
7 May 2020	0.50

Share issues

On 15 April 2020, 500,000 shares issued from the block listing for a total consideration of £378,350.

On 17 April 2020, 1,635,830 shares issued from the block listing for a total consideration of £1,273,330.

COVID-19

The UK government in common with its European neighbours has implemented unprecedented measures to restrict the possibility of transmission of the COVID-19 virus by limiting personal contact and international travel. Whilst the ultimate scope and duration of these measures is currently unclear, they are likely to have a severe impact on the UK Economy, which both the government and the Bank of England are attempting to offset with both traditional and unconventional fiscal and monetary policy measures. The Company's portfolio will be impacted by any risks emerging from changes in the macroeconomic environment.

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