TwentyFour
ASSET MANAGEMENT

TwentyFour Select Monthly Income Fund Limited

Interim Management Report and Unaudited Condensed Interim Financial Statements

For period from 1 October 2017 to 31 March 2018

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

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

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

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

SUMMARY INFORMATION continued

Shareholder Information

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

Financial Highlights

	31.03.18	30.09.17	31.03.17
Total Net Assets	£158,155,252	£155,207,957	£144,046,214
Net Asset Value per Share	95.89p	96.44p	93.19p
Share price	100.00p	99.50p	95.75p
Premium to NAV	4.29%	3.17%	2.75%
Dividends declared during the period	3.00p	6.56p	3.00p
Dividends paid during the period	3.56p	6.85p	3.85p

As at 17 May 2018, the premium had moved to 4.85%. The estimated NAV per share and share price stood at 95.85p and 100.50p, 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 period ended 31 March 2018 were 1.17% (31 March 2017: 1.20%) on an annualised basis.

CHAIRPERSON'S STATEMENT

For the period from 1 October 2017 to 31 March 2018

The six month period ending 31 March 2018, can only be described as two distinct quarters. Q4 2017 ended the year in the same fashion as the previous three with improving fundamentals supporting a strong technical backdrop to credit markets. Credit spreads have narrowed to an extent that they are close to historically tight levels. The huge fiscal stimulus package announced by the Trump administration and the lack of inflationary signals justified the positive sentiment through the end of year holiday period and into the start of 2018. However, the release of the January data for US average hourly earnings gave the market a rude awakening as the sharp increase immediately turned into investor fears that systematic inflation was building up. This, combined with US-initiated trade tariff issues and a worsening in the geopolitical environment in Syria, resulted in a rapid deterioration in market sentiment for the second half of the period.

In the three month period from October to the end of 2017, while market sentiment was buoyant and credit spreads tightened there were limited opportunities for the Portfolio Managers ("PM") to source suitable assets meaning no new shares were issued. However, with changing market conditions seen after the end of the period, some investment opportunities were identified, enabling some carefully managed issuance to take place. The income generation of the Company continued to maintain the monthly 0.5p dividend and the PMs remain satisfied that the amortisation profile of the portfolio doesn't affect the ability of the Company to meet the monthly dividend in the medium term.

As mentioned above, market sentiment changed in early February and the resulting pick-up in volatility created a more fertile environment for the PMs to source suitable assets for the portfolio. As a result an incremental amount of new shares were issued to meet investor demand. While adhering to the strict discipline of only accepting new share issuance with investment opportunities in place, the PMs and the Company's Board of Directors agreed to issue 4m new shares during March, increasing the total shares from 160,929,151 to 164,929,151.

Looking ahead to the medium term the PMs expect a supportive backdrop to the credit market as the global economy continues to grow, inflation appears to be increasing but not at an alarming rate and central banks remain guarded, albeit with a tightening bias. While this should be a favourable backdrop, there are considerable uncertainties that could weaken investor sentiment and see a return of spikes in volatility; Brexit, a rise in populist parties in the Eurozone, trade tariff disputes, Russian sanctions and Middle East tensions all have the potential ability to destabilise markets in the near to medium term. The PMs are of the opinion that the short interest rate duration of the Company should help mitigate normal swings in mark-to-market volatility and any real period of spread widening should be seen as a signal to add favoured credits at more attractive levels.

The Company continues to demonstrate a strong NAV total return since its launch.

Over the medium term, the PMs are confident that the portfolio will continue to deliver its target of 0.5p per month and that the recent pick up in asset volatility should help alleviate any reinvestment risk that may have been building in an earlier period.

Claire Whittet
Chair
17 May 2018

PORTFOLIO MANAGER'S REPORT

For the period from 1 October 2017 to 31 March 2018

Economic Background

Sentiment in the last quarter of 2017 saw a continuation of risk markets being supported by coordinated global growth, US fiscal stimulus and a strong technical backdrop to markets. In the US, the Federal Open Market Committee raised Federal Reserve ("the Fed") funds by 25bps close to the year-end, in what was a highly anticipated move and therefore did little to move markets. Meanwhile President Trump finally saw the Senate pass his long awaited fiscal stimulus package, which gave a boost of longevity to the credit cycle, but added some volatility to US Treasury markets as the reforms were considered to have an inflationary bias.

In Europe the early part of the period was dominated by the European Central Bank's ("ECB") announcement regarding the reduction of its Asset Purchase Program ("APP"), although the decision taper to €30bn per month was offset by a dovish extension of the programme until at least September 2018 and a confirmation that euro interest rates would remain at least until after the Quantitative Easing programme had ended. Elsewhere in the Eurozone the independence referendum in Catalonia resulted in the Spanish government arranging a snap election in the region, with the leader of the independence movement absconding to Brussels. The 21st December election failed to produce a definitive result, with the pro-Catalan independence parties winning the most seats (70 out of 135) on a combined basis, but the largest single party was the anti-independence Citizens Party, with 25.3% (36 seats). Either way, the election was viewed by the markets as a favourable outcome as it kept Spain unified, while allowing Catalonia some additional autonomy over local issues. In the key Eurozone election, the so called 'Jamaica coalition' (a combination of the Christian Democratic Union, Free Democratic Party, and the Green Party) failed to reach a working agreement in Germany, briefly raising the prospect of a second election. The market reacted in a surprisingly benign manner as Angela Merkel ruled out any prospect of trying to rule with a minority government, but ultimately a deal was struck and a weakened Merkel continued as Chancellor after agreeing concessions with the socialists.

In early November, as expected, the Bank of England's ("BoE") Monetary Policy Committee reversed the emergency rate cut that followed the UK referendum; but the real surprise was the following rhetoric from Governor Carney saying that "two more 25bps rate hikes will be needed over the next three years". This shocked the market given the uncertainty ahead of the crucial Brexit negotiations. More stabilising were the results from the BoE bank stress tests, which were based on a scenario far more punitive than the global financial crisis period. Despite that, all seven participating banks and building societies passed the test without any need to strengthen their capital positions. As expected, Carney confirmed the UK Countercyclical Capital Buffer would be increased from 0.5% to 1%, in order to prepare the banks for a more difficult operating environment.

The ECB president, Mario Draghi, also hit the headlines with a dovish speech, highlighting that inflation was still subdued and labour market slack remained significant despite strong economic recovery. He also cautioned that the Non-Performing Loan problem in the EU had not been solved and that further work was required.

The start to 2018 continued in the same strong vein which enabled credit spreads across all sectors to tighten further. However, this was brought to an abrupt end as higher than expected US average hourly earnings reared the spectre of inflation concerns, resulting in a sharp widening of credit spreads. Economic data continued to be strong in January and the Q4 earnings season kicked off with a decent tone aided by a favourable global picture of upgrades versus downgrades in the year to date.

PORTFOLIO MANAGER'S REPORT continued

For the period from 1 October 2017 to 31 March 2018

However, the US wage data set a weak tone for the risk markets and February was a turbulent month. In the US Jerome Powell was sworn in as the new Fed chairman with his first address showing little deviation from his predecessor, expressing his belief that while the economy was not showing signs of overheating, there was a need for gradual tightening by the Fed. While comments from US Treasury Secretary Mnuchin that he expects “wages to rise without fuelling broader inflation” created a bit of a quandary for the market. Adding to the uncertainty was a raft of trade tariffs announced by President Trump on foreign imports, including steel, aluminium and autos, which ultimately resulted in the resignation of White House chief economic advisor, Gary Cohn and fuelled speculation of a full scale trade war. To cap all that President Trump announced that the National Security Advisor, HR McMaster, would be replaced by the hawkish John Bolton, which added to the nervous tone. Tech stocks added to the malaise with a raft of negative stories including weakness in Facebook shares due to user privacy concerns, weak demand for the new Apple iPhone X, production problems at Tesla (and a fatal crash involving a prototype driverless vehicle), and a personal attack on Amazon by President Trump.

In Europe the quarter ended in uncertainty as the Italian election on 4th March proved to be a disaster for former prime ministers Silvio Berlusconi and Matteo Renzi, opening the door for two anti-establishment and Euro-sceptic parties; the Five Star Movement (led by Luigi Di Maio) and League (led by Matteo Salvini).

In the UK, the Office for National Statistics revised down its estimate for UK growth, although comments from Mark Carney suggested that domestic interest rates may go up faster and higher than markets have been anticipating. BoE chief economist Andy Haldane added to the uncertainty when he commented that the strength of UK employment could be at risk if the central bank waits too long before hiking rates. However, support for UK markets was forthcoming as negotiations over Brexit appear to moving towards a workable agreement with the EU and some form of equivalence was seen as being feasible by market participants.

Performance Review

From a purely economic fundamental standpoint the backdrop remained supportive for risk assets during the period and the Fed decision to raise rates for a sixth time to 1.5-1.75% endorsed this view. That said, there were a considerable number of uncertainties that weakened market participant sentiment. Volatility was rife in the second quarter of the period, particularly in the rates market, as investors alternated between whether their greater fear was inflation or geopolitical events, resulting in a classic flight to safety, resulting in 10-yr UST yields fluctuating in a 16bp range during the month. That said, the increased uncertainty created opportunity for the PMs to add favoured assets at more attractive levels and the latter part of the period was no exception allowing for the issuance of 4m new shares.

Helping source new assets was the introduction of the first ‘Restricted Tier 1’ (“RT1”) bond in euro. This RT1 structure is a new Solvency II compliant structure, somewhat similar to the banking sector ‘Additional Tier 1’ (“AT1”) bonds, and similarly requires a high degree of due diligence, offering investors an attractive complexity premium (at least until the structure becomes more familiar). Elsewhere the UK challenger bank sector continues to offer the PMs attractive opportunities, and a new AT1 issue from Shawbrook Bank continues this theme, with an attractive coupon of 7.875% in Sterling being an ideal investment for the Company.

The Company’s aim is to produce an attractive level of income, generating a target monthly income of 0.5p, with any excess income annually distributed to investors. This is a high conviction strategy based on relative value bonds in the credit markets, with an emphasis on securities that exhibit a degree of liquidity premium assets that are primarily buy-to-hold. The performance over the 6 month period of review continued to meet the target set by the Company’s mandate.

In terms of total return the Company generated 3.16% for the 6 month period.

PORTFOLIO MANAGER'S REPORT continued
For the period from 1 October 2017 to 31 March 2018

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 net foreign currency loss on the portfolio (recorded within net (loss)/gain on financial assets at fair value through profit or loss) and the net foreign currency gains on the forward currency contracts (included within net foreign currency gains) are recognised in accordance with the hedging policy and IFRS, within the condensed Statement of Comprehensive Income.

Investment Outlook
The Company was established to take advantage of the liquidity premium that exists in the non-government sectors of the fixed income universe. When necessary the PMs may determine it to be prudent to manage excessive duration risk with the use of interest rate swap derivatives, but with the natural duration of the Company currently below 3yrs there are no hedges applied, despite the imminent threat of a hike to UK rates.

The PMs consider the portfolio to be well positioned to benefit from a benign backdrop for credit markets and should be able to take advantage of periods of increased volatility to increase the yield of the Company for the longer term benefit.

Since the Company's launch in early 2014, the PMs have favoured exposure to CLOs and subordinated bank debt. Both these sectors have performed well over the period being reported on and the PMs still recognise the relative value imbedded in these sectors compared to their peers in the wider fixed income spectrum. As such these two sectors are expected to remain the favoured allocations over the medium term.

TwentyFour Asset Management LLP
17 May 2018

TwentyFour Select Monthly Income Fund Limited

TOP TWENTY HOLDINGS
As at 31 March 2018

	Nominal/ Shares	Credit Security Sector	Fair Value * £	Percentage of Net Asset Value
Nationwide Bldg Society 10.25 29/06/2049	37,160	Banks	5,821,114	3.68
Bracken Midco1 10.50 15/11/2021	3,875,000	High Yield - European	3,995,093	2.53
Shawbrook Group 7.875 31/12/2049	3,770,000	Banks	3,690,147	2.33
Coventry Bldg Society 6.375 29/12/2049	3,540,000	Banks	3,663,458	2.32
Santander Uk	2,000,000	Banks	3,435,810	2.17
Aldermore Group 11.875 31/12/2049	2,700,000	Banks	2,944,329	1.86
Arbour Clo 2 15/05/2030	3,000,000	ABS	2,679,611	1.69
Barclays PLC 7.875 31/12/2049	2,365,000	Banks	2,580,396	1.63
Capital Bridging Finance 1 MEZZ 05/07/2018	2,500,000	ABS	2,512,500	1.59
Shawbrook Group 8.50 28/10/2025	2,300,000	Banks	2,471,785	1.56
St Pauls Clo 25/04/2030	2,835,000	ABS	2,423,338	1.53
SC Germany Consumer 2015-1 E 13/12/2028	2,500,000	ABS	2,411,727	1.52
Paragon Group of Companies 7.25 09/09/2026	2,200,000	Banks	2,391,554	1.51
Onesavings Bank 9.125 31/12/2049	2,200,000	Banks	2,366,932	1.50
Cabot Financial 7.50 01/10/2023	2,240,000	High Yield - European	2,349,400	1.49
Credit Suisse Group 7.5 31/12/2049	3,000,000	Banks	2,319,927	1.47
Opium Three MEZZ 25/10/2053	2,300,000	ABS	2,300,000	1.45
Banco Bilbao Vizcaya Argentaria 8.875 29/12/2049	2,200,000	Banks	2,287,676	1.45
Societe Generale 7.375 31/12/2049	2,960,000	Banks	2,249,857	1.42
Garfunkelux Holdco 8.50 01/11/2022	2,150,000	High Yield - European	2,184,388	1.38
Total			57,079,042	36.08

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

The full portfolio listing as at 31 March 2018 can be obtained from the Administrator on request.

BOARD MEMBERS

Biographical details of the Directors are as follows:

Claire Whittet - (Chair) (age 63)
Ms Whittet is a resident of Guernsey and has 40 years' experience in the banking industry. She joined Rothschild Bank International Ltd in 2003 as a Director and was latterly Managing Director and Co-Head before becoming a Non-Executive Director on her retirement in 2016. She began her career at the Bank of Scotland where she was for 19 years in a variety of personal and corporate finance roles. Subsequently, Ms Whittet joined Bank of Bermuda and was Global Head of Private Client Credit before joining Rothschild.

Ms Whittet is a Non-Executive Director of 5 other listed, Guernsey registered funds.

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 62)
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 54)
Ian Martin has over 30 years' experience in finance gathered in a variety of multi asset investment focused roles in the UK, Hong Kong, Switzerland and Uruguay. More recently he was the CIO and Head of Asset Management and Research at Lloyds Bank in Geneva and then Head of Bespoke Portfolio Management and Advisory for key clients in UBP Bank in Geneva. Previous roles have included senior roles in equity derivatives and trading as well as CIO and Managing Director of a Fund of Hedge funds company in the UK. Currently he is a Director of Bedlam Family Office. Mr Martin was appointed to the Board on 15 July 2014.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

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

The principal risks assessed by the Board relating to the Company were disclosed in the Annual Report and Audited Financial Statements for the year ended 30 September 2017. The principal risks disclosed include market risk, liquidity risk, credit risk, foreign currency risk and reinvestment risk. A detailed explanation of these can be found in the annual report. The Board and Portfolio Manager do not consider these risks to have changed and remain relevant for the remaining six months of the financial year.

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

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

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

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

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

Related Parties
Related party balances and transactions are disclosed in note 13 of these unaudited condensed interim financial statements.

Going Concern
Under the 2016 UK Corporate Governance Code (effective for periods beginning on or after 17 June 2016) and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern and to identify any material uncertainties to the Company's ability to continue as a going concern for at least 12 months from the date of approving the financial statements.

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

RESPONSIBILITY STATEMENT

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 2017 to 31 March 2018 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 2017 to 31 March 2018 and that have materially affected the financial position or performance of the Company during that period as included in note 13.

By order of the Board,

Claire Whittet	Christopher Legge
Chair	Director

17 May 2018

INDEPENDENT INTERIM REVIEW REPORT

TO TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

Our conclusion

We have reviewed the accompanying condensed interim financial information of TwentyFour Select Monthly Income Fund Limited (the "Company") as of 31 March 2018. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The accompanying condensed interim financial information comprises:

- the Unaudited Condensed Statement of Financial Position as of 31 March 2018;
- the Unaudited Condensed Statement of Comprehensive Income for the six-month period then ended;
- the Unaudited Condensed Statement of Changes in Equity for the six-month period then ended;
- the Unaudited Condensed Statement of Cash Flows for the six-month period then ended; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

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

Our responsibilities and those of the directors

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

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

Scope of review

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

INDEPENDENT INTERIM REVIEW REPORT continued

TO TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

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

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

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
17 May 2018

(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.

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 October 2017 to 31 March 2018

	Notes	For the period from 01.10.17 to 31.03.18 £ (Unaudited)	For the period from 01.10.16 to 31.03.17 £ (Unaudited)
Income			
Interest income		5,635,643	5,473,583
Net foreign currency gains	7	1,430,518	565,827
Net (loss)/gain on financial assets at fair value through profit or loss	8	(1,383,743)	5,712,973
Total income		5,682,418	11,752,383
Expenses			
Portfolio management fees	13	(579,549)	(525,291)
Directors' fees	13	(55,500)	(75,337)
Administration fees	14	(55,992)	(52,471)
AIFM management fees	14	(38,059)	(35,971)
Audit fee		(24,892)	(25,516)
Custody fees	14	(7,727)	(8,029)
Broker fees		(24,705)	(24,932)
Depositary fees	14	(12,831)	(12,466)
Legal fees		(30,422)	(17,041)
Other expenses		(77,704)	(63,535)
Total expenses		(907,381)	(840,589)
Total comprehensive income for the period		4,775,037	10,911,794
Earnings per Ordinary Share - Basic & Diluted	3	0.030	0.071

All items in the above statement derive from continuing operations.

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

TwentyFour Select Monthly Income Fund Limited

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

Assets	Notes	31.03.18 £ (Unaudited)	30.09.17 £ (Audited)
Current assets			
Financial assets at fair value through profit and loss			
- Investments	8	151,088,373	148,499,775
- Derivative assets: Forward currency contracts	16	2,246	77,788
Other receivables	9	3,013,461	2,762,950
Cash and cash equivalents		6,607,843	8,169,355
Total current assets		160,711,923	159,509,868
Liabilities			
Current liabilities			
Amounts due to broker		1,862,645	3,676,479
Other payables	10	359,693	442,699
Financial liabilities at fair value through profit and loss			
- Derivative liabilities: Forward currency contracts	16	334,333	182,733
Total current liabilities		2,556,671	4,301,911
Total net assets		158,155,252	155,207,957
Equity			
Share capital account	11	160,863,274	157,001,121
Other reserves		(2,708,022)	(1,793,164)
Total equity		158,155,252	155,207,957
Ordinary Shares in issue	11	164,929,151	160,929,151
Net Asset Value per Ordinary Share (pence)	5	95.89	96.44

The Financial Statements on pages 19 to 32 were approved by the Board of Directors on 17 May 2018 and signed on its behalf by:

Claire Whittet
Chair

Christopher Legge
Director

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

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
for the period from 1 October 2017 to 31 March 2018

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

	Notes	Share capital account £ (Unaudited)	Other reserves £ (Unaudited)	Total £ (Unaudited)
Balance at 1 October 2016		148,691,163	(11,869,322)	136,821,841
Issue of shares		2,294,500	-	2,294,500
Share issue costs		(27,665)	-	(27,665)
Income equalisation on new issues	4	(2,561)	2,561	-
Distributions paid		-	(5,954,256)	(5,954,256)
Total comprehensive income for the period		-	10,911,794	10,911,794
Balance at 31 March 2017		150,955,437	(6,909,223)	144,046,214

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

TwentyFour Select Monthly Income Fund Limited

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
for the period from 1 October 2017 to 31 March 2018

	Notes	For the period from 01.10.17 to 31.03.18 £ (Unaudited)	For the period from 01.10.16 to 31.03.17 £ (Unaudited)
Cash flows used in operating activities			
Total comprehensive income for the period		4,775,037	10,911,794
Adjustments for:			
Net loss/(gain) on financial assets at fair value through profit or loss		1,383,743	(5,712,973)
Amortisation adjustment under effective interest rate method	8	(359,323)	(568,212)
Unrealised loss/(gain) on derivatives	7	227,142	(1,106,193)
Increase in other receivables	9	(250,511)	(392,494)
Decrease in other payables	10	(83,006)	(25)
Purchase of investments	8	(34,284,953)	(72,658,129)
Sale of investments	8	28,858,101	68,388,978
Net cash generated from/(used in) operating activities		266,230	(1,137,254)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	11	3,950,000	-
Proceeds from re-issuance of treasury shares	11	-	2,294,500
Share issue costs	11	(46,413)	(27,665)
Dividend distribution	18	(5,731,329)	(5,954,256)
Net cash outflow from financing activities		(1,827,742)	(3,687,421)
Decrease in cash and cash equivalents		(1,561,512)	(4,824,675)
Cash and cash equivalents at beginning of period		8,169,355	8,039,495
Cash and cash equivalents at end of period		6,607,843	3,214,820

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
for the period from 1 October 2017 to 31 March 2018

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 2017 to 31 March 2018 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 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and which received an unqualified audit report.

b) Presentation of information

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

c) Significant judgements and estimates

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

3. Earnings per Ordinary Share - Basic & Diluted

The earnings per Ordinary Share - Basic and Diluted of 3.0p (31 March 2017: 7.1p) has been calculated based on the weighted average number of Ordinary Shares of 160,995,817 (31 March 2017: 154,496,733) and a net gain for the period of £4,775,037 (31 March 2017: £10,911,794).

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 £41,434 (31 March 2017: £2,561).

5. Net Asset Value per Ordinary Share

The net asset value of each Share of 95.89p (30 September 2017: £96.44p) is determined by dividing the net assets of the Company attributed to the Shares of £158,155,252 (30 September 2017: £155,207,957) by the number of Shares in issue at 31 March 2018 of 164,929,151 (30 September 2017: 160,929,151).

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 2017: £1,200).

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2017 to 31 March 2018

7. Net foreign currency gains

	For the period from 01.10.17 to 31.03.18 (Unaudited) £	For the period from 01.10.16 to 31.03.17 (Unaudited) £
Movement in net unrealised (loss)/gain on forward currency contracts	(227,142)	1,106,193
Movement in unrealised gain on spot currency contracts	705	-
Realised gain on forward currency contracts	2,936,419	107,294
Realised currency loss on receivables/payables	(1,229,065)	(599,092)
Unrealised currency loss on receivables/payables	(50,399)	(48,568)
	1,430,518	565,827

8. Investments

	For the period from 01.10.17 to 31.03.18 (Unaudited) £	For the year ended 30.09.17 (Audited) £
Financial assets at fair value through profit and loss:		
Unlisted Investments:		
Opening amortised cost	137,736,071	128,103,985
Purchases at cost	32,471,119	121,111,167
Proceeds on sale/principal repayment	(28,858,101)	(112,873,124)
Amortisation adjustment under effective interest rate method	359,323	1,180,151
Realised gain on sale/principal repayment	3,449,505	9,282,593
Realised loss on sale/principal repayment	(1,523,159)	(9,068,701)
Closing amortised cost	143,634,758	137,736,071
Unrealised gain on investments	9,566,004	12,539,146
Unrealised loss on investments	(2,112,389)	(1,775,442)
Fair value	151,088,373	148,499,775

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2017 to 31 March 2018

8. Investments continued

	For the period from 01.10.17 to 31.03.18 (Unaudited) £	For the period from 01.10.16 to 31.03.17 (Unaudited) £
Realised gain on sale/principal repayment	3,449,505	5,399,707
Realised loss on sale/principal repayment	(1,523,159)	(8,270,180)
(Decrease)/increase in unrealised gain	(2,973,142)	1,520,149
(Increase)/decrease in unrealised loss	(336,947)	7,063,297
Net (loss)/gain on financial assets at fair value through profit or loss	(1,383,743)	5,712,973

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

9. Other receivables

	As at 31.03.18 (Unaudited) £	As at 30.09.17 (Audited) £
Interest income receivable	2,888,347	2,635,034
Prepaid expenses	24,716	14,833
Dividends receivable	99,190	112,580
Spot currency contracts	1,208	503
	3,013,461	2,762,950

10. Other payables

	As at 31.03.18 (Unaudited) £	As at 30.09.17 (Audited) £
Portfolio management fees payable	182,991	290,302
Directors' fees payable	29,875	31,350
Administration fees payable	23,318	28,004
AIFM management fees payable	17,981	18,528
Audit fees payable	35,342	50,000
Other expenses payable	66,800	21,301
Depositary fees payable	2,057	2,054
Custody fees payable	1,329	1,160
	359,693	442,699

11. Share Capital continued

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 31.03.18 £	As at 30.09.17 £
Ordinary Shares		
Share Capital at the beginning of the period/year	157,001,121	148,691,163
Issue of shares	3,950,000	4,746,518
Share issue costs	(46,413)	(100,022)
Re-issuance of treasury shares	-	3,705,827
Income equalisation on new issues	(41,434)	(42,365)
Total Share Capital at the end of the period/year	160,863,274	157,001,121

	31.03.18 £	30.09.17 £
Treasury Shares		
Share Capital at the beginning of the period/year	-	3,705,827
Re-issued shares	-	(3,705,827)
Total Treasury Shares at the end of the period/year	-	-

Reconciliation of number of Shares

	31.03.18 Shares	30.09.17 Shares
Ordinary Shares		
Shares at the beginning of the period/year	160,929,151	152,079,151
Issue of shares	4,000,000	5,019,383
Re-issuance of treasury shares	-	3,830,617
Total Shares in issue at the end of the period/year	164,929,151	160,929,151

The Ordinary Shares carry the following rights:

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

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2017 to 31 March 2018

11. Share Capital continued

Reconciliation of number of Treasury Shares

	31.03.18 Shares	30.09.17 Shares
Treasury Shares		
Shares at the beginning of the period/year	-	3,830,617
Reissue of treasury shares	-	(3,830,617)
Total Shares held in treasury at the end of the period/year	-	-

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.

During the prior year all 3,830,617 remaining treasury shares were re-issued for a total consideration of £3,705,827.

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

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

	Financial assets at fair value through profit and loss £	Loans and receivables £	Total £
31 March 2018 (Unaudited)			
Financial Assets			
Financial assets at fair value through profit and loss			
-Investments			
-Bonds	102,785,876	-	102,785,876
-Asset backed securities	48,302,497	-	48,302,497
-Derivative assets: Forward currency contracts	2,246	-	2,246
Other receivables (excluding prepaid expenses)	-	2,988,745	2,988,745
Cash and cash equivalents	-	6,607,843	6,607,843
	151,090,619	9,596,588	160,687,207

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2017 to 31 March 2018

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

	Financial liabilities at fair value through profit and loss	Other financial liabilities	Total
	£	£	£
31 March 2018 (Unaudited)			
Financial Liabilities			
Amounts due to broker	-	1,862,645	1,862,645
Other payables	-	359,693	359,693
Financial liabilities at fair value through profit and loss			
-Derivative liabilities: Forward currency contracts	334,333	-	334,333
	334,333	2,222,338	2,556,671

	Financial assets at fair value through profit and loss	Loans and receivables	Total
	£	£	£
30 September 2017 (Audited)			
Financial Assets			
Financial assets at fair value through profit and loss			
-Investments			
-Bonds	101,672,047	-	101,672,047
-Asset backed securities	46,827,728	-	46,827,728
-Derivative assets: Forward currency contracts	77,788	-	77,788
Other receivables (excluding prepaid expenses)	-	2,748,117	2,748,117
Cash and cash equivalents	-	8,169,355	8,169,355
	148,577,563	10,917,472	159,495,035

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2017 to 31 March 2018

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

	Financial liabilities at fair value through profit and loss	Other financial liabilities	Total
	£	£	£
30 September 2017 (Audited)			
Financial Liabilities			
Amounts due to broker	-	3,676,479	3,676,479
Other payables	-	442,699	442,699
Financial liabilities at fair value through profit and loss			
-Derivative liabilities: Forward currency contracts	182,733	-	182,733
	182,733	4,119,178	4,301,911

13. Related Parties

a) Directors' Remuneration & Expenses

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

The annual Directors' fees comprise £42,000 (2017: £35,000) payable to Ms Whittet, the Chair, £37,000 (2017: £32,500) to Mr Legge as Chair of the Audit Committee and £32,000 (2017: £30,000) to Mr Martin, the Chair of Management Engagement Committee. During the period, Directors' fees of £55,500 (31 March 2017: £75,337) were charged to the Company, of which £29,875 (30 September 2017: £43,482) remained payable at the end of the period. Directors' expenses for the period were £8,769 (31 March 2017: £5,633).

b) Shares held by related parties

The Directors of the Company held the following shares beneficially:

	31.03.18 Shares	30.09.17 Shares
Claire Whittet	25,000	25,000
Christopher Legge	50,000	50,000
Ian Martin	35,000	35,000

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

As at 31 March 2018, the Portfolio Manager held no Shares (30 September 2017: no Shares) of the Issued Share Capital. Partners and employees of the Portfolio Manager decreased their holdings during the period, and held 985,778 (30 September 2017: 1,031,766), which is 0.60% (30 September 2017: 0.64%) of the Issued Share Capital.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2017 to 31 March 2018

13. Related Parties continued

c) Portfolio Manager

The portfolio management fee is payable to the Portfolio Manager, TwentyFour Asset Management LLP, monthly in arrears at a rate of 0.75% per annum of the lower of NAV, which is calculated weekly on each valuation day, or market capitalisation of each class of shares. Total portfolio management fees for the period amounted to £579,549 (31 March 2017: £525,291) of which £182,991 (30 September 2017: £290,302) 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 £6,913 (30 September 2017: £841) in commission.

14. Material Agreements

a) Alternative Investment Fund Manager (“AIFM”)

The Company’s AIFM is Maitland Institutional Services Limited. In consideration for the services provided by the AIFM under the AIFM Agreement the AIFM is entitled to receive from the Company a minimum fee of £20,000 per annum and fees payable quarterly in arrears at a rate of 0.07% of the Net Asset Value of the Company below £50 million, 0.05% on Net Assets between £50 million and £100 million and 0.03% on Net Assets in excess of £100 million. During the period, AIFM fees of £38,059 (31 March 2017: £35,971) were charged to the Company, of which £17,981 (30 September 2017: £18,528) 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 £55,992 (31 March 2017: £52,471) were charged to the Company, of which £23,318 (30 September 2017: £28,004) remained payable at the end of the period.

c) Depositary and Custody

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 £12,831 (31 March 2017: £12,466) were charged to the Company, of which £2,057 (30 September 2017: £2,054) remained payable at the end of the period.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2017 to 31 March 2018

14. Material Agreements continued

c) Depositary and Custody continued

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 £7,727 (31 March 2017: £8,029) of which £1,329 (30 September 2017: £1,160) is due and payable at the end of the period.

15. Financial Risk Management

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

These Unaudited Condensed Interim Financial Statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements for the year ended 30 September 2017.

16. Fair Value Measurement

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

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

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices including interest rates, yield curves, volatilities, prepayment speeds, credit risks and default rates) or other market corroborated inputs (level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2017 to 31 March 2018

16. Fair Value Measurement continued

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value as at 31 March 2018.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Financial assets at fair value through profit or loss				
-Investments				
-Bonds	-	39,490,796	63,295,080	102,785,876
-Asset backed securities	-	38,709,940	9,592,557	48,302,497
-Derivative assets: Forward currency contracts	-	2,246	-	2,246
Total assets as at 31 March 2018	-	78,202,982	72,887,637	151,090,619
Liabilities				
Financial liabilities at fair value through profit or loss				
-Derivative liabilities: Forward currency contracts	-	334,333	-	334,333
Total liabilities as at 31 March 2018	-	334,333	-	334,333

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued
for the period from 1 October 2017 to 31 March 2018

16. Fair Value Measurement continued

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value as at 30 September 2017.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets	**(Audited)**	**(Audited)**	**(Audited)**	**(Audited)**
Financial assets at fair value through profit or loss				
-Bonds	-	27,770,154	73,901,893	101,672,047
-Asset backed securities	-	38,465,977	8,361,751	46,827,728
-Derivative assets: Forward currency contracts	-	77,788	-	77,788
Total assets as at 30 September 2017	-	66,313,919	82,263,644	148,577,563
Liabilities				
Financial liabilities at fair value through profit or loss				
-Derivative liabilities: Forward currency contracts	-	182,733	-	182,733
Total liabilities as at 30 September 2017	-	182,733	-	182,733

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 broker or dealer quotes and if the price represents a reliable and an observable price, the Credit Security is classified in level 2. Any broker quote that is over 20 days old is considered stale and is classified as level 3.

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

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2017 to 31 March 2018

16. Fair Value Measurement continued

The following table presents the movement in level 3 instruments for the period ended 31 March 2018 by class of financial instrument.

	Bonds	Asset backed securities	Total
31 March 2018 (Unaudited)	**£**	**£**	**£**
Opening balance	73,901,893	8,361,751	82,263,644
Net (sales)/purchases	(1,335,252)	3,334,793	1,999,541
Net realised (loss)/gain for the year	(1,043,962)	695,376	(348,586)
Net unrealised loss for the year	(544,748)	(196,706)	(741,454)
Transfer into Level 3	5,980,190	3,526,496	9,506,686
Transfer out of Level 3	(13,663,042)	(6,129,152)	(19,792,194)
Closing balance	63,295,079	9,592,558	72,887,637

	Bonds	Asset backed securities	Total
30 September 2017 (Audited)	**£**	**£**	**£**
Opening balance	44,956,109	10,789,771	55,745,880
Net purchases	24,355,563	1,607,339	25,962,902
Net loss for the year	(3,997,181)	(412,036)	(4,409,217)
Net unrealised gain for the year	6,126,981	441,842	6,568,823
Transfer into Level 3	9,127,401	-	9,127,401
Transfer out of Level 3	(6,666,980)	(4,065,165)	(10,732,145)
Closing balance	73,901,893	8,361,751	82,263,644

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 30 September 2017 but for which fair value is disclosed.

16. Fair Value Measurement continued

	Level 1	Level 2	Level 3	Total
31 March 2018	**£**	**£**	**£**	**£**
Assets				
Other receivables	-	3,013,461	-	3,013,461
Cash and cash equivalents	6,607,843	-	-	6,607,843
Total	**6,607,843**	**3,013,461**	**-**	**9,621,304**
Liabilities				
Amounts due to broker	-	1,862,645	-	1,862,645
Other payables	-	359,693	-	359,693
Total	**-**	**2,222,338**	**-**	**2,222,338**

	Level 1	Level 2	Level 3	Total
30 September 2017	**£**	**£**	**£**	**£**
Assets				
Amounts due from broker	-	-	-	-
Other receivables	-	2,762,950	-	2,762,950
Cash and cash equivalents	8,169,355	-	-	8,169,355
Total	**8,169,355**	**2,762,950**	**-**	**10,932,305**
Liabilities				
Amounts due to broker	-	3,676,479	-	3,676,479
Other payables	-	442,699	-	442,699
Total	**-**	**4,119,178**	**-**	**4,119,178**

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.

17. Segmental Reporting

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2017 to 31 March 2018

17. Segmental Reporting continued

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 Unaudited Condensed Statement of Comprehensive Income as investment income being interest income received from Credit Securities.

18. Dividend Policy

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

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

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

The Company declared the following dividends in respect of the profit for the period ended 31 March 2018:

Period to	Dividend rate per Share (pence)	Net dividend paid Income (£)	Ex-dividend date	Record date	Pay date
31 October 2017	0.50	804,646	16 November 2017	17 November 2017	30 November 2017
30 November 2017	0.50	804,646	14 December 2017	15 December 2017	29 December 2017
31 December 2017	0.50	804,646	18 January 2018	19 January 2018	31 January 2018
31 January 2018	0.50	804,646	15 February 2018	16 February 2018	28 February 2018
28 February 2018	0.50	804,646	15 March 2018	16 March 2018	29 March 2018
31 March 2018	0.50	824,646	19 April 2018	20 April 2018	30 April 2018

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.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS continued

for the period from 1 October 2017 to 31 March 2018

19. Ultimate Controlling Party

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

20. Subsequent Events

These Unaudited Condensed Interim Financial Statements were approved for issuance by the Board on 17 May 2018. Subsequent events have been evaluated to this date.

On 10 April 2018, 1,000,000 shares issued from the block listing for a total consideration of £990,000.

On 16 April 2018, 1,000,000 shares issued from the block listing for a total consideration of £993,300.

On 24 April 2018, 1,000,000 shares issued from the block listing for a total consideration of £990,300.

On 2 May 2018, 1,000,000 shares issued from the block listing for a total consideration of £990,000.

On 8 May 2018, 1,000,000 shares issued from the block listing for a total consideration of £990,000.

On 12 April 2018, the Company declared a dividend of 0.5 pence per share.

On 10 May 2018, the Company declared a dividend of 0.5 pence per share.

TwentyFour
ASSET MANAGEMENT

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