TwentyFour Income Fund Limited

Report and Audited Financial Statements

For the year ended 31 March 2015

TwentyFour
Asset Management

TwentyFour Income Fund Limited

CONTENTS

CORPORATE INFORMATION

Directors
Trevor Ash (Chairman)
Ian Burns
Richard Burwood
Jeannette Etherden

Custodian, Principal Banker and Depositary ***(appointed 29 May 2014)***
Northern Trust (Guernsey) Limited
PO Box 71
Trafalgar Court
Les Banques
St Peter Port
Guernsey, GY1 3DA

Registered Office
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey, GY1 3QL

Custodian and Principal Banker ***(resigned 29 May 2014)***
The Northern Trust Company
50 Bank Street
Canary Wharf
London, E14 5NT

Alternative Investment Fund Manager ***(appointed 30 May 2014)***
Phoenix Fund Services (UK) Limited
Springfield Lodge
Colchester Road
Chelmsford, CM2 5PW

Secretary and Administrator
Northern Trust International Fund Administration Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey, GY1 3QL

Portfolio Manager ***(appointed 30 May 2014)***
TwentyFour Asset Management LLP
24 Cornhill
London, EC3V 3ND

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

Investment Manager ***(resigned 30 May 2014)***
TwentyFour Asset Management LLP
24 Cornhill
London, EC3V 3ND

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

UK Legal Advisers to the Company
Eversheds LLP
One Wood Street
London, EC2V 7WS

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

Guernsey Legal Advisers to the Company
Carey Olsen
Carey House
Les Banques
St Peter Port
Guernsey, GY1 4BZ

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

SUMMARY INFORMATION

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

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

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

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

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

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

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

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

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

Shareholder Information
Northern Trust International Fund Administration (Guernsey) Limited (the "Administrator") is responsible for calculating the NAV per share of the Company. The unaudited NAV per ordinary redeemable share will be calculated as at the close of business on the last business day of every week and the last business day of every month by the Administrator and will be announced by a Regulatory Information Service the following business day.

SUMMARY INFORMATION Continued

Financial Highlights

	31.03.15	31.03.14
Total Net Assets	£343,225,040	£314,048,865
Net Asset Value per share	£120.47	£117.66
Share price at 31 March 2015	128.00p	122.50p
Premium to Net Asset Value	6.25%	4.11%
Dividends paid in the year	6.65p	6.38p

As at 15 July 2015, the premium had moved to 5.37%. The estimated NAV per share and mid-market share price stood at 117.92p and 124.00p respectively.

Ongoing Charges
Ongoing charges for the year ended 31 March 2015 have been calculated in accordance with the AIC's recommended methodology. The ongoing charges for the year ended 31 March 2015 were 0.97%.

CHAIRMAN'S STATEMENT
for the year ended 31 March 2015

I am pleased to present my report on the Company's progress for the year ended 31 March 2015.

The Company's issued share capital as at 31 March 2015 consisted of 284,908,712 Ordinary shares. At the time of the capital raise in November 2013 the Board noted that it did not intend to approve any material further issues of new shares under the Placing Programme other than for the purposes of premium management, or unless more attractive investment opportunities presented themselves. Following the announcement of the ABS Purchase Programme by the ECB, the Investment Manager and the Board concluded that this announcement created an additional opportunity for the Company to issue further stock without prejudicing the existing investors, and as a consequence an additional 18,000,000 Ordinary shares were issued in October 2014, at a 5% premium to NAV. In addition, the Company's structure includes an opportunity for investors to elect to realise all or part of their shareholding in the Company after an initial three year period ending 6 March 2016 subject to the aggregate NAV of the continuing Ordinary Redeemable Shares on the last business day before the Reorganisation Date being not less than £50 million.

The Company's shares have been trading at a premium to NAV since launch. This has largely been driven by the scarcity of investments with a similarly attractive yield, as well as the strong NAV performance. Performance has largely been positive over the year, with negative performance towards the end of the summer and in the period towards the turn of the year, as the sector picked up some correlation with mainstream fixed income weakness. The NAV performance has been supported on a fundamental basis by the ongoing positive trends in the underlying assets.

Our performance expectations continue to be positive, while the long term driver that Company invest in a market with little supply but increasing demand remains in place, we see the advent of the Asset Backed Securities ("ABS") Purchase Programme, the Covered Bond Purchase Programme and more recently, the significantly larger Public Sector Purchase Programme (Quantitative Easing) as further compressing yields in low risk products and pushing money into the assets the Company owns, driving prices up.

The Company declared and paid its final dividend for the first year of operation of 2.63p per Ordinary Share to Ordinary Shareholders. Further dividends of 1.5p per share paid in July, October 2014 and January 2015.

The full year total return of the Company was 8.19%, including the dividends and the shares traded at an average premium to the NAV of 5.65% during the period.

Trevor Ash
Chairman
15 July 2015

PORTFOLIO MANAGER'S REPORT

for the year ended 31 March 2015

During the first half of the period there were a number of drivers of fixed income performance. Many of these were shorter-term negative drivers (the Scottish referendum, the conflict in the Ukraine and subsequent sanctions, European elections and other geopolitical events), from which the market recovered as the specific threat to stability dissipated. However against a backdrop of continuing disinflationary and low growth data in the Eurozone, and with at times significant bond supply, most markets performed poorly for the majority of the summer and into September.

The pressure on the European Central Bank ("ECB") to recognise the danger and act to contain the risk of a potential deflationary spiral grew markedly during May. While the ECB has been long on rhetoric, it has typically been short on action until it announces and implements market-changing tools such as the Long Term Refinancing Operations ("LTROs"). This time the action was taken on multiple fronts; a cut to the Main Refinancing Rate from 0.25% to 0.15% (and cut again in September to 0.05%), and to the Deposit Rate from 0% to -0.1%, (and cut again in Sept to -0.2%), the announcement of Targeted Long Term Refinancing Operations (TLTRO) and that the ECB was close to completing work allowing the bank to directly buy European Asset Backed Securities ("European ABS").

While the two rate cuts are traditional policy measures, the TLTRO was more specific, allowing for cheap borrowing for banks who are lending money to corporates and aimed to encourage financing to the Small/Medium Sized Enterprises ("SME") community. The first take-up of the facility was disappointing, at only €82.6bn. The ABS Purchase Programme ("ABSPP") and Covered Bond Purchase Programme (CBPP3) were formally announced in September. At this point Mario Draghi suggested that between the TLTRO, the ABSPP and CBPP3 the ECB's balance sheet would grow by c.€1tn, however he has at times been reluctant to repeat this.

The suggestion that the ABSPP could buy hundreds of billions of euros of European ABS securities was initially a positive driver of performance after announcement, given the low volumes of supply seen in the market, providing a backstop bid for the sector and driving spreads down and prices up in anticipation of such a large and relatively price-insensitive buyer. Along with other pressure from ECB Board members it also helped to push regulators to improve the treatment of ABS securities under legislation such as CRD IV (bank capital weightings), Solvency II (insurance company capital weightings) and the Liquidity Coverage Ratio. As this regulation loosens the demand for ABS securities will increase, and given many market participants think that European ABS is still unnecessarily penalised in comparison to other low risk asset classes (e.g. covered bonds), there is plenty of scope for further future upside.

The only part of the European ABS markets that didn't participate in the sustained tightening in spreads at the time was the new issue Collateralised Loan Obligations ("CLO") market, where at times new issues struggled to find adequate levels of interest for the deal to be placed. During August spreads on single-B rated tranches of news deals widened as a result of this, although without any weakening in the underlying credit.

During the period the Company reallocated some investments from UK and Spanish (Residential Mortgage Backed Security ("RMBS") from both as well as Spanish SME paper) into Italian, reflecting an increase in Italian Commercial Mortgage Backed Security ("CMBS") volumes through a couple of new issues, as well as secondary positions in RMBS. The Company also increased its exposure to pan-European CLOs as the new issue market showed increasing value through spread widening.

PORTFOLIO MANAGER'S REPORT Continued

for the year ended 31 March 2015

Towards the end of the calendar year, and into the first quarter of 2015, the fixed income markets were subject to a number of other performance drivers, from commodity prices, politics and central bank policies. At the start of October the global economies were moving in different directions; China and Japan both eased policy through either rate cuts or additional direct stimulus through quantitative easing, whilst in Europe the ECB was in the process of putting the final touches to the third Covered Bond Purchase Programme and the ABSPP. In contrast, in the US the markets started trying to decide on the likely timing for any tightening in policy through upward rate moves. These changes in individual policy and the divergence between the US and other economies created instability throughout the second half of the period, and continue to divide opinion. In Europe, the requirement to invest a certain amount of QE money into German Bunds is coming into conflict with the requirement to only buy bonds that yield more that the deposit rate (-20bps), something that was not possible in Bunds that are less than 4yrs in length; leading the market to question whether the ECB would be able to buy enough bonds to fulfil its target.

The significant correction in oil prices was bad for energy companies, leading to significant outflows from high yield across all geographies, however the resulting drop in costs for both corporates and consumers was comparable to a rate cut. The ongoing conflict in the Ukraine, and the victory of Syriza in the Greek general election also continued to hog headlines, and at the end of the period both issues continued to distract investors, suggesting a potential exit from the Eurozone.

Against this backdrop it is of little surprise that most markets saw mixed performance. The European ABS market enjoyed a period of significantly greater stability than other markets, although probably did not perform quite as strongly as might have been expected to date. The disappointment has largely been focussed around the slow progress of the ABSPP which many participants foresaw as driving spreads tighter across the board, however whilst performance prior to launch was good, since then it has lagged somewhat – particularly in the latter months of 2014. Much of this was the result of an onerous credit review and approval process, with the appointed external asset managers having to work alongside national central banks and leading to the programme buying bonds at a much slower rate than was expected. This was compounded by many ABS dealers buying large amounts of bonds prior to launch in the anticipation of being able to sell them to the ECB at inflated prices. The slow pace of purchases somewhat scuppered this plan, and as the year-end reporting date approached this put pressure on traders' risk limits, forcing many to offload bonds; resulting in a general widening of bid/offer spreads and for some assets a drop in prices. Much of this was recovered quite quickly in early 2015 however once the balance sheet pressures were removed, although non-eligible assets classes notably remained wider. In the second half of 2014 CLO mezzanine spreads widened 100-200bps as a result of increased supply of new transactions, although once again demand picked up quickly in early 2015, partly driven by Quantitative Easing, and spreads have closed part of the gap again.

PORTFOLIO MANAGER'S REPORT Continued

for the year ended 31 March 2015

Market Outlook

The advent of Eurozone QE in materially greater size than was expected, and in an open-ended format, has been and will continue to be a significant positive driver, overriding the slow growth of the ABSPP and overriding any material negative performance driven by external influences such as the Greece/Eurozone deliberations, unless such events take a significant change for the worse. Any impending change to the interest rate environment in the UK continues to be pushed back, however the majority of members of the Monetary Policy Committee ("MPC") have emphasized that the recent drop in inflation is largely commodity driven and not likely to be a long-term threat to a normalisation of rate policy. As such it is expected that the return journey of interest rate policy towards the long-run average will be spread out over a significant period of time, meaning that the upside to the Company's yield will occur in a measured manner. Continued spread performance and at some point a beneficial rate environment should provide steady performance for the Company over the medium to long term.

Performance review

The Company benefitted a lot from the announcement of the ABSPP, even though the direct exposure to eligible assets for that program was low. The Company's exposure to predominantly high quality Portuguese, Spanish and Italian RMBS offset the spread widening witnessed in the primary CLO market. The Company's RMBS/CMBS positioning was heavily weighted towards Eurozone assets, expecting to see a differentiation in performance. Since the ABSPP launch this allocation was reweighted towards UK domiciled assets as many Eurozone assets have performed well, as expected, and a material yield basis has been established to non-Eurozone assets, in particular UK Non-conforming mezzanine bonds. The Company has kept the exposure to European CLOs relatively high, as we expected this sector to perform well on the back of the announced Quantitative Easing program, and a lot of the Company's early 2015 NAV performance can be attributed to this asset class.

TwentyFour Asset Management LLP
15 July 2015

TOP TWENTY HOLDINGS
As at 31 March 2015

Security	Number of Shares	Asset Backed Security Sector	Fair Value £	Percentage of Net Asset Value
LUSI 5 A	18,916,027	Peripheral RMBS	12,573,360	3.66
BANKP I C	14,400,000	Peripheral SME	9,798,179	2.85
LUSI 4 A	12,904,353	Peripheral RMBS	8,740,586	2.55
EMACP 2007-NL4 D	13,750,000	Prime RMBS	8,424,886	2.45
RMAC 05-NS3X B1C	10,094,630	Non-Conforming RMBS	6,846,260	1.99
MSIMM 2007-1X E	9,578,366	Leveraged Loan CLO	6,827,574	1.99
ALBA 2006-2 D	7,745,787	Non-Conforming RMBS	6,767,417	1.97
CORDR 2 C	9,850,000	Peripheral RMBS	6,712,204	1.96
DOLPH 2010-3 E	8,500,000	Prime RMBS	6,215,838	1.81
BBVAL 2007-1 B	10,000,000	Leases	6,185,719	1.80
GALRE 2013-1 C	7,900,000	CMBS	5,895,040	1.72
HSAME 2006-IX E	8,000,000	Leveraged Loan CLO	5,743,806	1.67
SPAUL 2X E	8,000,000	Leveraged Loan CLO	5,659,141	1.65
ERF 5 B	6,550,000	Prime RMBS	5,469,250	1.59
CADOG 3X E	8,000,000	Leveraged Loan CLO	5,252,435	1.53
LEMES 2006-1 C	7,480,000	CMBS	5,222,194	1.52
MPS 3X B1A	5,245,227	Non-Conforming RMBS	5,165,867	1.51
ESAIL 2007-NL2X B	7,500,000	Non-Conforming RMBS	5,114,722	1.49
CORDR 1 C	7,250,000	Peripheral RMBS	5,049,534	1.47
RLOC 2007-1X C1B	5,547,650	Non-Conforming RMBS	4,990,777	1.45

BOARD MEMBERS

Biographical details of the Directors are as follows:

Trevor Ash – (Chairman) (age 69)
Mr Ash is a resident of Guernsey and has over 30 years of investment experience. He is a Fellow of the Chartered Institute for Securities and Investment. He was formerly a managing director of Rothschild Asset Management (CI) Limited. He is a director of a number of hedge funds, fund of hedge funds, venture capital, derivative and other offshore funds including several managed or advised by Insight and Merrill Lynch. Mr Ash retired as a director of NM Rothschild & Sons (CI) Limited, the banking arm of the Rothschild Group in the Channel Islands in 1999. Mr Ash was appointed to the Board on 11 January 2013.

Ian Burns – (Non-executive Director and Chairman of the Audit Committee) (age 55)
Mr Burns is a resident of Guernsey and a fellow of both the Institute of Chartered Accountants in England and Wales and the Chartered Institute of Securities and Investment. He is a founder and Executive Director of Via Executive Limited, a specialist management consulting company and managing director of Regent Mercantile Holdings Limited, a privately owned investment company. Mr Burns is currently a non-executive director of London listed Phaunos Timber Fund Limited, River and Mercantile UK Micro Cap Limited and Kuala Limited (AIM). He is also a director of Montreux Capital Corp and Azincourt Resources Inc, both of which are listed on the Toronto Stock Exchange and a number of other offshore funds. Mr Burns was appointed to the Board on 17 January 2013.

Richard Burwood – (Non-executive Director) (age 47)
Mr Burwood is a resident of Guernsey with over 20 years' experience in banking and investment management. During 18 years with Citibank London, Mr Burwood spent 11 years as a fixed income portfolio manager spanning both banks/finance investments and Asset Backed Securities. He gained direct experience as a portfolio manager of securities backed by mortgages, auto loans and collateralised loan obligations. Mr Burwood has lived in Guernsey since in 2010, initially working as a portfolio manager for EFG Financial Products (Guernsey) Ltd managing the treasury department's ALCO Fixed Income portfolio. From 2011 to 2013 Mr Burwood worked as the business and investment manager for the Guernsey branch of Man Investments (CH) AG. This role involved overseeing all aspects of the business including operations and management of proprietary investments. Mr Burwood was appointed to the Board on 17 January 2013.

Jeannette (Jan) Etherden – (Non-executive Director) (age 55)
Ms Etherden is a resident of the United Kingdom. She started in 1983 as a research analyst at Confederation Life (acquired by Sun Life of Canada in 1994) and was Head of UK Equities from 1991. In 1996 she moved to Newton Investment Management Limited as a multi-asset fund manager. She was appointed a Director of Newton Investment Management Limited in 1997 and additionally was Chief Operating Officer of Investments at Newton Investment Management Limited from 1999 until her resignation in 2001. From January 2004 to January 2006 she was Business Development Manager for the Candela Fund at Olympus Capital Management. Ms Etherden has been a Director of Ruffer Investment Company Ltd since 1 July 2004 and a Director of Miton UK MicroCap Trust plc since 31 March 2015. Ms Etherden was appointed to the Board on 17 January 2013.

DISCLOSURE OF DIRECTORSHIPS IN PUBLIC COMPANIES LISTED ON RECOGNISED STOCK EXCHANGES

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

Company Name	Stock Exchange
Trevor Ash (Chairman)	
ELDeRS Investment Company Limited	Channel Islands
J.P. Morgan Private Equity Limited	London
Picton Property Income Limited	London & Channel Islands
Sherbourne Investors (Guernsey) B Limited	London
Ian Burns	
Azincourt Resources Limited	Toronto
Kuala Limited	London
Montreux Capital Corp.	Toronto
Phaunos Timber Fund Limited	London & Channel Islands
River and Mercantile UK Micro Cap Limited	London
Jeannette Etherden	
Ruffer Investment Company Limited	London
Miton UK MicroCap Trust plc	London

DIRECTORS' REPORT

The Directors present their Annual Report and Audited Financial Statements for the year ended 31 March 2015.

Business Review

The Company

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

On 6 March 2013, through a placing of 136,076,790 Ordinary Redeemable Shares and applications for 13,923,210 Ordinary Redeemable Shares by way of an Offer for Subscription, the Company raised £150million. On 13 June 2013, a further £31million was raised through the issue of 29,602,750 Ordinary Redeemable Shares at a 2% premium to the NAV as at 7 June 2013.

During the period from July to November 2013, the Company raised an additional £94,546,660 through the issue of 87,305,962 Ordinary Redeemable Shares.

On 20 October 2014 the Company raised an additional £22.6 million through the issue of 18,000,000 Ordinary Redeemable Shares.

Investment Objective and 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 UK and European Asset Backed Securities.

The Portfolio will comply, as at each date an investment is made, with the following restrictions:
(i) at least 50% of the Portfolio value will be invested in assets which have at least one Investment grade credit rating from an internationally recognised rating agency, or in cash; and
(ii) no more than 5% of the Portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities.

Efficient portfolio management techniques are employed by the Company, such as currency hedging, interest rate hedging and the use of derivatives such as credit default swaps to mitigate market volatility.

Discount/Premium to Net Asset Value

The Board monitors and manages the level of the share price discount/premium to NAV. In managing this, the Company operates a share buyback facility whereby it may purchase, subject to various terms as set out in its Articles and in accordance with the Companies (Guernsey) Law, 2008, up to 14.99% of the Company's Ordinary Redeemable Shares in issue immediately following Admission for trading in the London Stock Exchange. The Company also offers investors a realisation opportunity whereby they may elect to realise all or part of their Shareholding in the Company after an initial three year period ending 6 March 2016 subject to the aggregate NAV of the continuing Ordinary Redeemable Shares on the last Business Day before Reorganisation being not less than £50 million.

Shareholder Information

The Administrator is responsible for calculating the NAV per Share of the Company. The unaudited NAV per Ordinary Share will be calculated as at the close of business on the last Business Day of every week and the last Business Day of every month by the Administrator and will be announced by a Regulatory Information Service the following Business Day.

DIRECTORS' REPORT Continued

Going Concern
The Directors believe that it is appropriate to adopt the going concern basis in preparing the Financial statements in view of its holding cash and cash equivalents and the liquidity of investments and the income deriving from those investments, meaning the Company has adequate financial resources to meet its liabilities as they fall due. Whilst the Company is subject to a continuation vote in March 2016, the Board's intention to discuss ongoing opportunities with investors in Q3 2015 will address this in advance.

The Company also achieved its dividend target of 6% of the issue price for the year ended 31 March 2015, meaning that as per the Company's Articles, no Continuation Vote is required.

Results
The results for the year are set out in the Statement of Comprehensive Income on page 32. The Directors proposed income distributions of £18,406,430 for the year ended 31 March 2015, breakdown of which can be found in note 20 on page 62.

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

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

- Net Asset Value
- Share Price
- Discount/Premium
- Ongoing Charges
- Quarterly Dividends

A record of these measures is disclosed on page 4.

Portfolio Manager
The portfolio management fee is payable to the Portfolio Manager, TwentyFour Asset Management LLP, monthly in arrears at a rate of 0.75% per annum of the lower of Net Asset Value, which is calculated as of the last business day of each month, or market capitalisation of each class of shares.

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

Alternative Investment Fund Manager
Alternative investment fund management services are provided by Phoenix Fund Services (UK) Limited ("Phoenix") whose appointment became effective on 30 May 2014. The Alternative Investment Fund Manager ("AIFM") fee is 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. For additional information refer to note 16 on page 47.

DIRECTORS' REPORT Continued

Custodian and Depositary
On 30 May 2014, the Custody Agreement was terminated with The Northern Trust Company and Northern Trust (Guernsey) Limited was appointed Depositary. The terms of the Depositary agreement dated 29 May 2014 (and effective 30 May 2014), allow Northern Trust (Guernsey) Limited to receive professional fees for services rendered. For additional information refer to note 16 on page 47.

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

Directors' and Other Interests
As at 31 March 2015, Directors of the Company held the following numbers of Ordinary Redeemable Shares beneficially:

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

Corporate Governance
To comply with the UK Listing Rules, the Company must comply with the requirements of the UK Corporate Governance Code (the "UK Code"). The Company is also required to comply with the Code of Corporate Governance issued by the Guernsey Financial Services Commission.

The Financial Reporting Council (the "FRC") issued a revised UK Code in September 2014, for reporting periods beginning on or after 1 October 2014. The Association of Investment Companies ("AIC") updated the AIC Code of Corporate Governance (the "AIC Code") (including the Guernsey edition) and its Guide to Corporate Governance (the "AIC Guide") to reflect the relevant changes to the FRC document in February 2015. The Board has not early adopted the revised code.

The Company is a member of the AIC and by complying with the AIC Code is deemed to comply with both the UK and Guernsey Codes of Corporate Governance.

The Board has considered the principles and recommendations of the AIC Code, by reference to the guidance notes provided by the AIC Guide, and considers that reporting against these will provide better information to shareholders. To ensure ongoing compliance with these principles the Board reviews a report from the Corporate Secretary, at each quarterly meeting, identifying whether the Company is in compliance and identifying any changes that might be necessary.

The Company has complied with the recommendations of the AIC Code throughout the accounting year and thus the relevant provisions of the UK Code, except as set out below.

The UK Code includes, amongst others, provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function
- the whistle blowing policy

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the Company as it is an externally managed investment company. The Company has therefore not reported further in respect of these provisions. The Directors are non-executive and the Company does not have employees, hence no whistle-blowing policy is required. Details of compliance are noted in the succeeding pages. There have been no instances of non-compliance, other than those noted above.

DIRECTORS' REPORT Continued

Corporate Governance (continued)

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

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

Strategy

The strategy for the TwentyFour Income Fund is to target less liquid, higher yielding asset backed securities. These securities, whilst fundamentally robust, do not offer enough liquidity for use in the typical daily mark-to-market UCITs funds, but are well suited to a traded closed-ended vehicle, where investors can obtain liquidity via the exchange. This part of the fixed income market has been largely overlooked and therefore represents attractive relative value. The strategy aims to generate a dividend of at least 6% per annum, payable quarterly, with all excess income being distributed to investors at the year-end of the Company.

Composition and Independence of the Board

The Board currently consists of four non-executive Directors, all of whom are independent of the Portfolio Manager. The Chairman of the Board is Trevor Ash. Biographies for all the Directors can be found on page 10. In considering the independence of the Chairman, the Board has taken note of the provisions of the AIC Code relating to independence and has determined that Mr Ash is an Independent Director.

The Company has no employees and therefore there is no requirement for a chief executive.

The Board is responsible for the appointment and monitoring of all service providers to the Company. Between formal meetings there is regular contact with the Portfolio Manager, AIFM, Custodian and Depositary, Administrator and the Corporate Broker.

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

The Directors also have access to the Secretary and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

The Board holds quarterly Board meetings and the Audit Committee meets at least twice a year. In addition, ad hoc meetings of the Board to review specific items between the regular scheduled quarterly meetings can be arranged.

DIRECTORS' REPORT Continued

Composition and Independence of the Board (continued)

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

	Quarterly Board Meetings		Audit Committee Meetings		Management Engagement Committee		Ad hoc Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Trevor Ash	4	4	3	3	1	1	8	5
Ian Burns	4	4	3	3	1	1	8	8
Richard Burwood	4	4	3	3	1	1	8	8
Jeannette Etherden	4	4	3	3	1	1	8	5

At the Board meetings the Directors review the management of the Company's assets and all other significant matters so as to ensure that the Directors maintain overall control and supervision of the Company's affairs.

The Board has a breadth of experience relevant to the Company and the Directors believe that any changes to the Board's composition can be managed without undue disruption. With any new director appointment to the Board, consideration will be given as to whether an induction process is appropriate.

The Board has also given careful consideration to the recommendations of the Davies Report on "Women on Boards". The Board has reviewed its composition and believes that the current appointments provide an appropriate range of skills, experience and diversity. In order to maintain its diversity, the Board is committed to continuing its implementation of the recommendations of the Davies Report as part of its succession planning over future years.

Board Performance and Training
The Board undertook an evaluation in July 2014. This evaluation addressed six areas, Board Composition and meeting process, Board information, training, Board dynamics, Board accountability and effectiveness and an evaluation of the Chairman.

Retirement by Rotation
Under the terms of their appointment, each Director is required to retire by rotation and be subject to re-election at least every three years. The Directors are required to seek re-election if they have already served for more than nine years. The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a director of the Company becoming effective.

Management Engagement Committee
The Board has established a Management Engagement Committee with formal duties and responsibilities. The Management Engagement Committee commits to meeting at least once a year and comprises the entire Board with Trevor Ash appointed as chairman. These duties and responsibilities include the regular review of the performance of and contractual arrangements with the Portfolio Manager and other service providers and the preparation of the Committee's annual opinion as to the Portfolio Manager's services. The first Management Engagement Committee meeting was held on 25 September 2014.

The Management Engagement Committee carried out its first review of the performance and capabilities of the Portfolio Manager at its first meeting and reviewed by the Board the continued appointment of TwentyFour Asset Management LLP as Portfolio Manager is in the interest of shareholders.

DIRECTORS' REPORT Continued

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

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

Further details on the Audit Committee can be found in the Audit Committee Report on page 25.

Remuneration Committee
In view of its non-executive and independent nature, the Board considers that it is not appropriate for there to be a separate Remuneration Committee as anticipated by the AIC Code. The Board as a whole fulfils the functions of the Remuneration Committee, although the Board has included a separate Directors' Remuneration Report on page 23 of these Financial Statements.

Foreign Account Tax Compliance Act
For purposes of the US Foreign Account Tax Compliance Act, the Company registered with the US Internal Revenue Service ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI") in February 2015, received a Global Intermediary Identification Number, and can be found on the IRS FFI list under the link http://apps.irs.gov/app/fatcaFfiList/flu.jsf. The responsible officer is Helen Howell, Deputy Chief Operating Officer at Twenty Four Asset Management LLP.

The Company is subject to Guernsey regulations and guidance based on reciprocal information sharing inter-governmental agreements which Guernsey has entered into with the United Kingdom and the United States of America. The Board will take the necessary actions to ensure that the Company is compliant with Guernsey regulations and guidance in this regard.

Internal Controls
The Board is ultimately responsible for the Company's system of internal financial and operating controls and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. This process has been in place for the period under review and up to the date of approval of this Annual Report and Audited Financial Statements and is reviewed by the Board and accords with the AIC Code.

The AIC Code requires Directors to conduct at least annually a review of the Company's system of internal control, covering all controls, including financial, operational, compliance and risk management. The Board has evaluated the systems of internal controls of the Company. In particular, it has prepared a risk matrix identifying and evaluating the significant risks affecting the Company and the policies by which these risks are managed. The Board also considers whether the appointment of an internal auditor is required and has determined that there is no requirement for a direct internal audit function as the Company is an investment company and externally managed. The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

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

DIRECTORS' REPORT Continued

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

Principal risks and uncertainties
Market Risk
The underlying investments comprised in the Portfolio are subject to market risk. The Company is therefore at risk that market events may affect performance and in particular may affect the value of the Company's investments which are valued on a marked to market basis. Market risk is risk associated with changes in market prices, including spreads, interest rates, economic uncertainty, changes in regulation. While the Company, through its investments in Asset Backed Securities, intends to hold a diversified Portfolio of assets, any of these factors including specific market events, such as the global financial crisis and levels of sovereign debt, may be materially detrimental to the performance of the Company's investments. Under extreme market conditions the portfolio may not benefit from diversification

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

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

The level of defaults in the Portfolio and the losses suffered on such defaults may increase in the event of adverse financial or credit market conditions.

In the event of a default under an Asset Backed Security, the Company's right to recover under the Asset Backed Security will depend on the ability of the Company to exercise any rights that it has against the borrower under the insolvency legislation of the jurisdiction in which the borrower is incorporated. As a creditor, the Company's level of protection and rights of enforcement may therefore vary significantly from one country to another, may change over time and may be subject to rights and protections which the relevant borrower or its other creditors might be entitled to exercise. Refer to the Investment Objective and Policy on page 12 for information regarding investment restrictions currently in place in order to manage credit risk.

DIRECTORS' REPORT continued

Principal risks and uncertainties (continued)

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

Operational Risks
The Company is exposed to the risk arising from any failures of systems and controls in the operations of the Portfolio Manager, Administrator, AIFM, Custodian and the Depositary amongst others. The Board and its Audit Committee regularly review reports from the Portfolio Manager and the Administrator on their internal controls.

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

Income Recognition Risk
The Board considers income recognition to be a principal risk and uncertainty of the Company as the Portfolio Manager estimates the remaining expected life of the security, which has an impact on the effective interest rate of the Asset Backed Securities which in turn impacts the calculation of interest income. The Board asked the Audit Committee to consider this risk with work undertaken by the Audit Committee as discussed on pages 25 to 27. As a result of the work undertaken by the Audit Committee, the Board is satisfied that income is appropriately stated in all material aspects in the Financial Statements.

Reinvestment Risk
As the Portfolio Management team expected, the European Central Bank initiated a full blown quantitative easing programme having launched the ABS Purchase Program in Q4 2014. As a result credit spreads tightened across all fixed income products, but also yields on ECB eligible and non-eligible assets decoupled. This tightening in spreads was lessened for ABS due to an increased supply of RMBS and CMBS

The Portfolio Managers are conscious of this and the subsequent challenge to reinvest any monies that result from principal and income payments, to minimise reinvestment risk. Cashflow analysis is conducted on an ongoing basis and is an important part of the Portfolio Management process, ensuring such proceeds can be invested efficiently and in the best interests of the Fund.

The expected amortisations in the Fund for the next year are minimal; indeed the Portfolio Managers sold out of some very short assets to deploy proceeds in the primary market towards the end of the period, without materially impacting the yield of the Fund. The Portfolio Managers also recognise the need to be opportunistic as and when market conditions are favourable in order to reinvest any proceeds.

Relations with Shareholders
The Portfolio Manager maintains a regular dialogue with institutional shareholders, the feedback from which is reported to the Board. In addition, Board members will be available to respond to shareholders' questions at the Annual General Meeting.

DIRECTORS' REPORT Continued

Significant Shareholdings
Shareholders with holdings of more than 3.0% of the Ordinary Shares of the Company at 22 June 2015 (latest available) were as follows:

	Number of shares	Percentage of issued share capital
Investec Wealth & Investment Limited	41,252,986	14.48%
Brewin Dolphin, stockbrokers	23,822,868	8.36%
F&C Asset Management	21,142,399	7.42%
Architas Multi Manager	20,840,396	7.31%
Sarasin & Partners	19,334,099	6.79%
Fidelity Worldwide Investment	14,091,520	4.95%
East Riding of Yorkshire	12,500,000	4.39%
Baillie Gifford	11,467,943	4.03%
Premier Asset Management	9,667,715	3.39%

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

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

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

Signed on behalf of the Board of Directors on 15 July 2015 by:

Trevor Ash
Chairman

Richard Burwood
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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

The Directors are responsible for the oversight of the maintenance and integrity of the corporate and financial information in relation to the Company website; the work carried out by the 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.

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

The Directors confirm that to the best of their knowledge

(a) The Financial Statements have been prepared in accordance with IFRS and give a true and fair view of the financial position and profit of the Company as at and for the year ended 31 March 2015.

(b) The Report includes information detailed in the Chairman's Report, Portfolio Manager's Report, Directors' Report, Directors' Remuneration Report, Audit Committee Report, Alternative Investment Fund Manager's Report and Depositary Statement and Notes to the Financial Statements which provides a fair review of the information required by:

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES Continued

Directors' Responsibility Statement (continued)

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

By order of the Board

Trevor Ash	**Richard Burwood**
Chairman	**Director**
15 July 2015	

DIRECTORS' REMUNERATION REPORT

The Directors' remuneration report has been prepared on behalf of the Directors in accordance with the UK Code as issued by the UK Listing Authority. An ordinary resolution for the approval of the annual remuneration report will be put to the shareholders at the AGM to be held in 2015.

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

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

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

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

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

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

The Directors are currently subject to the following annual remuneration in the form of Directors' fees:

Trevor Ash (Chairman of the Board)	£30,000
Ian Burns (Audit Committee Chairman)	£27,500
Richard Burwood	£25,000
Jeannette Etherden	£25,000
Total	£107,500

The remuneration policy set out above is the one applied for the year ended 31 March 2015 and is not expected to change in the foreseeable future.

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

The Directors were appointed as non-executive Directors by letters issued in January 2013. Each Director's appointment letter provides that, upon the termination of his/her appointment, that he/she must resign in writing and all records remain the property of the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of director shall be terminated by, among other things: (a) written resignation; (b) unauthorised absences from board meetings for six months or more; (c) unanimous written request of the other directors; and (d) an ordinary resolution of the Company.

DIRECTORS' REMUNERATION REPORT (continued)

Under the terms of their appointment, each Director is required to retire by rotation and be subject to re-election at least every three years. The Directors are required to annually seek re-election if they have already served for more than nine years. The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a director of the Company becoming effective.

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

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

Signed on behalf of the Board of Directors on 15 July 2015 by:

Trevor Ash
Chairman

Richard Burwood
Director

AUDIT COMMITTEE REPORT

On the following pages, we present the Audit Committee's Report, setting out the responsibilities of the Audit Committee and its key activities for the year ended 31 March 2015.

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

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

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

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

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

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

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

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

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

Fraud, Bribery and Corruption
The Audit Committee has relied on the overarching requirement placed on the service providers under the relevant agreements to comply with applicable law, including anti-bribery laws. A review of the service provider policies will take place at the next Management Engagement Committee Meeting, scheduled on 23 September 2015.

AUDIT COMMITTEE REPORT Continued

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

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

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

(i) Valuation of Investments:
The Company's investments had a fair value of £339,905,279 as at 31 March 2015 (31 March 2014: £306,156,109) and represent a substantial portion of net assets of the Company. As such this is the largest factor in relation to the consideration of the Financial Statements. These investments are valued in accordance with the Accounting Policies set out in note 2 to the Financial Statements. The Audit Committee considered the valuation of the investments held by the Company as at 31 March 2015 to be reasonable from information provided by the Portfolio Manager, AIFM, Administrator, Custodian and Depositary on their processes for the valuation of these investments.

(ii) Income Recognition:
The Audit Committee considered the calculation of income from investments recorded in the Financial Statements as at 31 March 2015. As disclosed in note 3(ii)(b) of the Notes to the Financial Statements on page 41, the estimated life of Asset Backed Securities is determined by the Portfolio Manager, impacting the effective interest rate of the Asset Backed Securities which in turn impacts the calculation of income from investments. The Audit Committee reviewed the Portfolio Manager's process for determining the expected life of the Company's investments and found it to be reasonable based on the explanations provided and information obtained from the Portfolio Manager. The Audit Committee was therefore satisfied that income was correctly stated in the Financial Statements.

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

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

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

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

Going Concern
The going concern basis can be found in the Directors' Report on page 13.

AUDIT COMMITTEE REPORT Continued

External Auditors

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

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

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

The following tables summarise the remuneration paid to PwC and to other PwC member firms for audit and non-audit services during the year ended 31 March 2015 and the period ended 31 March 2014.

	1.04.14 to 31.03.15	For the period from 11.01.13 (date of incorporation) to 31.03.14
PricewaterhouseCoopers CI LLP	£	£
- Annual audit	49,500	48,000
- Interim review	16,225	31,640
- Listing & Financial Reporting Procedures	-	50,000
Other PwC member firms		
- Tax consulting and compliance services	15,500	15,500

For any questions on the activities of the Audit Committee not addressed in the foregoing, a member of the Audit Committee will attend each Annual General Meeting to respond to such questions.

The Audit Committee Report was approved on 15 July 2015 and signed on behalf by:

Ian Burns
Chairman, Audit Committee

ALTERNATIVE INVESTMENT MANAGER'S REPORT

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

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

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

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

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

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

In so far as the AIFM is aware:

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

We hereby certify that this report is made on behalf of the AIFM, Phoenix Fund Services (UK) Limited.

R.W. Leedham
D.W. Munting
Directors
Phoenix Fund Services (UK) Limited

DEPOSITARY STATEMENT
for the year ended 31 March 2015

Report of the Depositary to the Shareholders

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

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

Our obligations as Depositary are stipulated in the relevant provisions of the AIFM Directive and the relevant sections of Commission Delegated Regulation (EU) No 231/2013 (collectively the "AIFMD legislation").

Amongst these obligations is the requirement to enquire into the conduct of the AIFM and the Company and their delegates in each annual accounting period. We have therefore enquired into the conduct of Phoenix Fund Services (UK) Limited (the "AIFM") for the period ending 31 March 2015, in our capacity as Depositary to the Company from the date of appointment 29 May 2014.

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

Basis of Depositary Review

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

Review

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

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

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

For and on behalf of
Northern Trust (Guernsey) Limited
15 July 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TWENTYFOUR INCOME FUND LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of TwentyFour Income Fund Limited ("the Company") which comprise the Statement of Financial Position as of 31 March 2015 and the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 March 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Report on other Legal and Regulatory Requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information is as per the table of contents.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

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

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

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters which we are required to review under the Listing Rules:

- the Directors' Statement as set out on page 13 in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the ten provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration

Evelyn Brady
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
15 July 2015

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2015

	Note	1.04.14 to 31.03.15 £	Revenue from 11.01.13 (date of incorporation) to 31.03.14 £
Income			
Interest income		20,633,090	16,565,442
Net foreign currency gains	9	39,925,465	7,603,269
Net (losses)/gains on financial assets at fair value through profit or loss	10	(31,235,932)	29,496,520
Total income		29,322,623	53,665,231
Management fees	15	(2,466,913)	(1,832,776)
Directors' fees	15	(107,647)	(129,640)
Administration and secretarial fees	16	(186,295)	(162,565)
Audit fees	8	(110,922)	(43,118)
Custody fees	16	(25,206)	(26,938)
Broker fees		(49,972)	(53,425)
AIFM management fees	16	(90,421)	-
Depositary fees	16	(40,913)	-
Legal and professional fees		(42,842)	(6,260)
Other expenses		(78,642)	(85,071)
Total expenses		(3,199,773)	(2,339,793)
Total comprehensive income for the year/period		26,122,850	51,325,438
Earnings per Ordinary Redeemable Share - Basic & Diluted	4	0.095	0.244

All items in the above statement derive from continuing operations.

The notes on pages 36 to 62 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION
as at 31 March 2015

Assets	Note	31.03.2015 £	31.03.2014 £
Current assets			
Investments	10	339,905,279	306,156,109
Derivative assets	18	89,873	-
Other receivables	11	1,893,161	1,899,476
Cash and cash equivalents		7,152,308	6,732,352
Total current assets		349,040,621	314,787,937
Liabilities			
Current liabilities			
Amounts due to broker		2,162,419	-
Other payables	12	406,274	327,060
Derivative liabilities	18	3,246,888	412,012
Total liabilities		5,815,581	739,072
Net current assets		343,225,040	314,048,865
Equity			
Share capital account	13	292,107,523	269,912,052
Retained earnings		51,117,517	44,136,813
Total equity		343,225,040	314,048,865
Ordinary Redeemable Shares in issue	13	284,908,712	266,908,712
Net Asset Value per Ordinary Redeemable Share	6	120.47	117.66

The Financial Statements on pages 32 to 62 were approved by the Board of Directors on 15 July 2015 and signed on its behalf by:

The notes on pages 36 to 62 form an integral part of the Financial Statements.

Trevor Ash
Chairman

Richard Burwood
Director

STATEMENT OF CHANGES IN EQUITY

for the year ended to 31 March 2015

	Note	Share Capital Account £	Retained Earnings £	Total £
Balances at 1 April 2014		269,912,052	44,136,813	314,048,865
Issue of shares		22,638,420	-	22,638,420
Share issue costs		(284,504)	-	(284,504)
Distributions paid		-	(19,300,591)	(19,300,591)
Income equalisation on new issues	5	(158,445)	158,445	-
Total comprehensive income for the year		-	26,122,850	26,122,850
Balance at 31 March 2015		292,107,523	51,117,517	343,225,040

In the absence of any legal requirement, the purchase of shares by the Company is debited to a separate component of equity. Paid-in capital is not reduced.

	Note	Share Capital Account £	Retained Earnings £	Total £
Balances at 11 January 2013		-	-	-
				-
Issue of shares		275,546,660	-	275,546,660
Share issue costs		(4,429,582)	-	(4,429,582)
Dividends paid		-	(8,393,651)	(8,393,651)
Income equalisation on new issues	5	(1,205,026)	1,205,026	-
Total comprehensive income for the period		-	51,325,438	51,325,438
Balance at 31 March 2014		269,912,052	44,136,813	314,048,865

The notes on pages 36 to 62 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS
for the year ended 31 March 2015

	Note	1.04.14 to 31.03.15 £	For the period from 11.01.13 (date of incorporation) to 31.03.14 £
Cash flows used in operating activities			
Total comprehensive income for the year/period		26,122,850	51,325,438
Adjustments for:			
Net loss/(gains) on investments	10	31,235,932	(29,496,520)
Amortisation adjustment under effective interest rate method		(11,450,832)	(9,456,377)
Decrease/(increase) in receivables		6,315	(1,899,476)
Increase in payables		79,214	327,060
Unrealised losses on forward currency contracts	9	2,745,003	412,012
Purchase of investments		(152,358,537)	(338,781,923)
Sale of investments		100,986,686	71,578,711
Net cash used in operating activities		(2,633,369)	(255,991,075)
Cash flows from financing activities			
Proceeds from issue of Ordinary Redeemable Shares		22,638,420	275,546,660
Share issue costs		(284,504)	(4,429,582)
Dividend distribution		(19,300,591)	(8,393,651)
Net cash inflow from financing activities		3,053,325	262,723,427
Increase in cash and cash equivalents		419,956	6,732,352
Cash and cash equivalents at beginning of year/period		6,732,352	-
Cash and cash equivalents at end of year/period		7,152,308	6,732,352

The notes on pages 36 to 62 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015

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

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

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

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

2. **Principal Accounting Policies**

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

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

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

- IFRS 9 Financial Instruments (Effective 1 January 2018)

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 April 2014 that would be expected to have a material impact on the Company.

The Directors anticipate that the adoption of the other standards and interpretations effective in a future period will not have a material impact on the financial statements of the Company, other than IFRS 9.

IFRS 9, 'Financial Instruments' effective for annual periods beginning on or after 1 January 2018, requires that the effects of changes in credit risk of liabilities designated as at fair value through profit or loss are presented in other comprehensive income unless such treatment would create or enlarge an accounting mismatch in profit or loss, in which case all gains or losses on that liability are presented in profit or loss. Other requirements of IFRS 9 relating to classification and measurement of financial liabilities are unchanged from IAS 39. The requirements of IFRS 9 relating to derecognition are unchanged from IAS 39.

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

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2015

2. Principal Accounting Policies (continued)

d) Financial assets at fair value through profit or loss (continued)

This category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss at inception.

(i) Financial assets and liabilities held for trading
A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are categorised as held for trading. The Company does not classify any derivatives as hedges in a hedging relationship.

(ii) Financial assets and financial liabilities designated at fair value through profit or loss. Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2015

2. Principal Accounting Policies (continued)

d) Financial assets at fair value through profit or loss (continued)

i) Asset Backed Securities traded or dealt on an active market or exchange.

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

ii) Asset Backed Securities not traded or dealt on an active market or exchange.

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

In cases where no third party price is available (either from an independent price vendor or third party broker/dealer quotes), or where the Portfolio Manager determines that the provided price is not an accurate representation of the fair value of the Asset Backed Security, the Portfolio Manager will determine the valuation based on the Portfolio Manager's valuation policy. This may include the use of a comparable arm's length transaction, reference to other securities that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Forward foreign currency contracts

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

Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's effective interest rate.

e) Offsetting financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2015

2. Principal Accounting Policies (continued)

f) Amounts due from and due to brokers

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

g) Income

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

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

h) Cash and cash equivalents

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

i) Share capital

Ordinary Redeemable Shares are classified as equity. Incremental costs directly attributable to the issue of ordinary redeemable shares are shown in equity as a deduction, net of tax, from the proceeds and disclosed in the Statement of Changes in Equity.

j) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

k) Transaction costs

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

2. Principal Accounting Policies (continued)

l) Segment reporting

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

m) Expenses

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

n) Other receivables

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

o) Other payables

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

p) Dividend distribution

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

q) Income equalisation on new issues

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

3. Significant accounting judgements, estimates and assumptions

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

(i) Judgements

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

Functional currency

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

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2015

3. Significant accounting judgements, estimates and assumptions (continued)

(ii) Estimates and assumptions

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

(a) Fair value of securities not quoted in an active markets

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

(b) Estimated life of Asset Backed Securities

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

(c) Determination of observable inputs

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

4. Earnings per Ordinary Redeemable Share - Basic & Diluted

The earnings per Ordinary Redeemable Share - Basic and Diluted has been calculated based on the weighted average number of Ordinary Redeemable Shares of 274,897,753 (31 March 2014: 210,705,200) and a net gain of £26,122,850 (31 March 2014: £51,325,438).

5. Income equalisation on 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 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 year ended 31 March 2015 is £158,445 (31 March 2014: £1,205,026).

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2015

6. Net Asset Value per Ordinary Redeemable Share

The net asset value of each Share of £1.20 is determined by dividing the net assets of the Company attributed to the Shares of £343,225,040 (31 March 2014: £314,048,865) by the number of Shares in issue at 31 March 2015 of 284,908,712 (31 March 2014: 266,908,712).

7. Taxation

The Company has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability for Guernsey taxation is limited to an annual fee of £1,200 (2014: £600).

8. Audit fees

Audit fees were under-accrued as at 31 March 2014 which has resulted in a higher charge during the year ended 31 March 2015.

9. Net foreign currency gains

	1.04.14 to 31.03.15	For the period from 11.01.13 (date of incorporation) to 31.03.14
	£	£
Movement on unrealised loss on forward currency contracts	(2,745,003)	(412,012)
Realised gains on currency	42,670,509	8,033,508
Unrealised currency gain on receivables/payables	28,278	-
Unrealised income exchange loss	(28,319)	(18,227)
	39,925,465	7,603,269

10. Investments

	1.04.14 to 31.03.15	For the period from 11.01.13 (date of incorporation) to 31.03.14
Financial assets at fair value through profit and loss:	£	£
Unlisted Investments:		
Opening book cost	284,863,665	-
Purchases at cost	154,520,956	338,781,923
Proceeds on sale/principal repayment	(100,986,686)	(71,578,711)
Amortisation of discount on purchase and sales	11,450,832	9,456,377
Realised (losses)/gains on sale/principal repayment	(821,802)	8,204,076
Closing book cost	349,026,965	284,863,665
Unrealised (loss)/gain on investments	(9,121,686)	21,292,444
Fair value	339,905,279	306,156,109

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2015

10. Investments (continued)

	1.04.14 to 31.03.15 £	For the period from 11.01.13 (date of incorporation) to 31.03.14 £
Realised (losses)/gains on sales/principal repayment	(821,802)	8,204,076
(Decrease)/Increase in unrealised gain	(30,414,130)	21,292,444
Net (losses)/gains on financial assets at fair value through profit or loss	(31,235,932)	29,496,520

11. Other receivables

	As at 31.03.15 £	As at 31.03.14 £
Coupon interest receivable	1,849,557	1,856,133
Prepaid expenses	43,604	43,343
	1,893,161	1,899,476

12. Other payables

	As at 31.03.15 £	As at 31.03.14 £
Management fees payable	225,044	199,041
Custody fee payable	3,369	26,318
Administration fee payable	46,925	43,963
Directors' fee payable	26,875	26,728
Audit fee payable	57,500	11,003
AIFM Management fee payable	32,336	-
Depositary fees payable	4,408	-
General expenses payable	9,817	20,007
	406,274	327,060

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2015

13. Share Capital

Authorised Share Capital

Unlimited number of Ordinary Redeemable Shares at no par value.

Issued Share Capital

	As at 31.03.15	As at 31.03.14
Ordinary Redeemable Shares	£	£
Share Capital at the beginning of the year/period	269,912,052	-
Issued Share Capital	22,638,420	275,546,660
Share issue costs	(284,504)	(4,429,582)
Income equalisation on new issues	(158,445)	(1,205,026)
Total Share Capital at the end of the year/period	292,107,523	269,912,052

	As at 31.03.15	As at 31.03.14
Ordinary Redeemable Shares	shares	shares
Shares at the beginning of the year/period	266,908,712	-
Issue of Shares	18,000,000	266,908,712
Total Shares in issue at the end of the year/period	284,908,712	266,908,712

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

As at 31 March 2015, one share class has been issued, being the Ordinary Redeemable Shares of the Company.

The Ordinary Redeemable Shares carry the following rights:

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

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

c) On 8 January 2016, being 56 days before the third anniversary of admission (the "Reorganisation Date"), the Shareholders are entitled to serve a written notice (a "Realisation Election") requesting that all or a part of the Ordinary Redeemable Shares held by them be redesignated to Realisation Shares, subject to the aggregate NAV of the continuing Ordinary Redeemable Shares on the last business day before the Reorganisation Date being not less than £50 million. A Realisation Notice, once given is irrevocable unless the Board agrees otherwise. If one or more Realisation Elections be duly made and the aggregate NAV of the continuing Ordinary Redeemable Shares on the last business day before the Reorganisation Date is less than £50 million, the Realisation will not take place.

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2015

14. Analysis of Financial Assets and Liabilities by Measurement Basis

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

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

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2015

14. Analysis of Financial Assets and Liabilities by Measurement Basis (continued)

	Assets at fair value through profit and loss	Loans and receivables	Total
	£	£	£
31 March 2014			
Financial Assets as per Statement of Financial Position			
Investments at fair value through profit or loss:			
-Asset backed securities	306,156,109	-	306,156,109
Cash and cash equivalents	-	6,732,352	6,732,352
Other receivables	-	1,899,476	1,899,476
	306,156,109	8,631,828	314,787,937

	Liabilities at fair value through profit and loss	Other financial liabilities	Total
	£	£	£
Financial Liabilities as per Statement of Financial Position			
Other payables	-	327,060	327,060
Derivative liabilities	412,012	-	412,012
	412,012	327,060	739,072

15. Related Parties

a) Directors' Remuneration & Expenses

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

The annual Directors' fees comprise £30,000 payable to Mr Ash, the Chairman, £27,500 to Mr Burns as Chairman of the Audit Committee and £25,000 to Mr Burwood and Ms Etherden. During the year ended 31 March 2015, Directors fees of £107,647 (31 March 2014: £129,640) were charged to the Company, of which £26,875 (31 March 2014: 26,728) remained payable at the end of the year.

b) Shares held by related parties

As at 31 March 2015, Directors of the Company held the following shares beneficially:-

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

As at 31 March 2015, the Portfolio Manager held Nil Shares (31 March 2014: 400,000 Shares) and partners and employees of the Portfolio Manager held 858,672 Shares (31 March 2014: 771,000 Shares), which is 0.30% of the Issued Share Capital.

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2015

15. Related Parties (continued)

c) Portfolio Manager

The portfolio management fee is payable to the Portfolio Manager, TwentyFour Asset Management LLP, monthly in arrears at a rate of 0.75% per annum of the lower of Net Asset Value, which is calculated weekly on each valuation day, or market capitalisation of each class of shares. Total investment management fees for the year amounted to £2,466,913 (31 March 2014: £1,832,776) of which £225,044 (31 March 2014: £199,041) is due and payable at the year end. The Portfolio Management Agreement dated 29 May 2014 remains in force until determined by the Company or the Portfolio Manager giving the other party not less than twelve months' notice in writing. Under certain circumstances, the Company or the Portfolio Manager are entitled to immediately terminate the agreement in writing.

The Portfolio Manager is also entitled to a commission of 0.15% of the aggregate gross offering proceeds plus any applicable VAT in relation to any issue of new Shares, following admission, in consideration of marketing services that it provides to the Company. During the year the Portfolio Manager received £33,958 (31 March 2014: £413,319) in commission.

16. Material Agreements

a) Alternative Investment Fund Manager

On 30 May 2014, the Company appointed Phoenix Fund Services (UK) Limited as Alternative Investment Fund Manager (the “AIFM”). 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 year ended 31 March 2015, AIFM fees of £90,421 (31 March 2014: £Nil) were charged to the Company, of which £32,336 (31 March 2014: £Nil) remained payable at the end of the year.

b) Administrator and Secretary

Administration fees are payable to Northern Trust International Fund Administration Services (Guernsey) Limited monthly in arrears at a rate of 0.06% of the Net Asset Value of the Company below £100 million, 0.05% on Net Assets between £100 million and £200 million and 0.04% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum £65,000 in the first year of admission and £75,000 for each year thereafter. In addition, an annual fee of £25,000 will be charged for corporate governance and company secretarial services. Total administration and secretarial fees for the period amounted to £186,295 (31 March 2014: £162,565) of which £46,925 (31 March 2014: £43,963) is due and payable at the year end.

c) Depositary

On 30 May 2014, the Custody Agreement was terminated with The Northern Trust Company. On 29 May 2014 (effective 30 May 2014), the Company appointed Northern Trust (Guernsey) Limited as Depositary (the “Depositary”).

From 30 May 2014, depositary fees were payable to the depositary, monthly in arrears, at a rate of 0.0175% of the Net Asset Value of the Company up to £100 million, 0.0150% on Net Assets between £100 million and £200 million and 0.0125% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum £15,000 in the first year and £25,000 for each year thereafter. Total depositary fees and charges for the year amounted to £40,913 (31 March 2014: Nil) of which £4,408 (31 March 2014: Nil) is due and payable at the year end.

The Depositary is also entitled to a Global Custody fee of a minimum of £8,500 per annum plus transaction fees. Total Global Custody fees and charges for the year amounted to £25,206 (31 March 2014: £26,938) of which £3,369 (31 March 2014: £26,318) is due and payable at the year end.

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2015

17. Financial Risk Management

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

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

Market risk

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

(i) Price risk

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

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

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

(ii) Reinvestment risk

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

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

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2015

17. Financial Risk Management (continued)

Price sensitivity analysis

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

At 31 March 2015, if the market prices had been 5% higher with all other variables held constant, the increase in the net assets attributable to equity Shareholders would have been £16,995,264 (31 March 2014: £15,307,805). An equal change in the opposite direction would have decreased the net assets attributable to equity Shareholders by the same amount.

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

Interest rate risk

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

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

	Floating rate	Fixed rate	Non-interest bearing	Total
As at 31 March 2015	£	£	£	£
Financial assets at fair value through profit or loss	339,905,279	-	-	339,905,279
Receivables	-	-	1,893,161	1,893,161
Cash and cash equivalents	7,152,308	-	-	7,152,308
Derivative assets	-	-	89,873	89,873
Derivative liabilities	-	-	(3,246,888)	(3,246,888)
Amounts due to broker	-	-	(2,162,419)	(2,162,419)
Other payables	-	-	(406,274)	(406,274)
Net current assets	347,057,587	-	(3,832,547)	343,225,040

	Floating rate	Fixed rate	Non-interest bearing	Total
As at 31 March 2014	£	£	£	£
Financial assets at fair value through profit or loss	306,156,109	-	-	306,156,109
Receivables	-	-	1,899,476	1,899,476
Cash and cash equivalents	6,732,352	-	-	6,732,352
Derivative assets	-	-	-	-
Derivative liabilities	-	-	(412,012)	(412,012)
Amounts due to broker	-	-	-	-
Other payables	-	-	327,060	327,060
Net current assets	312,888,461	-	1,814,524	314,702,985

17. Financial Risk Management (continued)

Interest rate risk (continued)

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

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

Credit risk

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

The main concentration of credit risk to which the Company is exposed arises from the Company's investments in Asset Backed Securities. The Company is also exposed to counterparty credit risk on forwards, cash and cash equivalents, amounts due from brokers and other receivable balances.

The Company's policy to manage this risk is to invest at least 50% of the portfolio value in assets with at least one investment grade rating from an internationally recognised credit agency. The Company also manages this credit risk by investing no more than 5% of the portfolio value in any single Asset Backed Security or issuer of Asset Backed Securities.

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2015

17. Financial Risk Management (continued)
Credit risk (continued)

Portfolio of Asset Backed Securities by ratings category assigned by Standard and Poor's and/or Moody's:

	31.03.15
AA-	0.85%
A+	0.25%
A	4.53%
A-	6.10%
BBB+	4.95%
BBBE	0.85%
BBB	11.65%
BBB-	9.34%
BB+	3.49%
BB	14.87%
BB-	6.01%
B+	5.50%
B	5.82%
B-	15.10%
B-E	0.09%
CCC+	4.31%
CC	1.82%
NR	4.47%
	100.00%

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

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

17. Financial Risk Management (continued)
Credit risk (continued)

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

	As at 31.03.2015 £
Investments	339,905,279
Cash and cash equivalents	7,152,308
Unrealised gains on derivative assets	89,873
Other receivables	1,893,161
	349,040,621

	As at 31.03.2014 £
Investments	306,156,109
Cash and cash equivalents	6,732,352
Unrealised gains on derivative assets	1,899,476
Other receivables	
	314,787,937

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

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

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

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

Shareholders have no right to have their shares redeemed or repurchased by the Company, except as detailed under note 13 c) and the Capital Risk Management section of this note.

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2015

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

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

The tables below analyse the Company's liabilities into relevant maturity groupings based on the maturities at the statement of financial position date. The amounts in the table are the undiscounted net cash flows on the financial liabilities:

As at 31 March 2015

	Up to 1 month	1-6 months	6-12 months	Total
	£	£	£	£
Financial liabilities				
Amounts due to brokers	(2,162,419)	-	-	(2,162,419)
Unrealised loss on derivative assets	(3,246,888)	-	-	(3,246,888)
Other payables	(348,774)	(57,500)	-	(406,274)
Total	(5,758,081)	(57,500)	-	(5,815,581)

As at 31 March 2014

	Up to 1 month	1-6 months	6-12 months	Total
	£	£	£	£
Financial liabilities				
Amounts due to brokers	-	-	-	-
Unrealised loss on derivative assets	(412,012)	-	-	(412,012)
Other payables	(316,057)	(11,003)	-	(327,060)
Total	(728,069)	(11,003)	-	(739,072)

Foreign Currency Risk

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

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2015

17. Financial Risk Management (continued)
Foreign Currency Risk (continued)

At the year end, the Company had ten (31 March 2014: eight) open forward currency contracts.

	Contract values	Outstanding contracts	Mark to market equivalent	Unrealised gains/(losses)
	31.03.2015	**31.03.2015**	**31.03.2015**	**31.03.2015**
	€	£	£	£
Eight Sterling forward foreign currency contracts totalling:				
Settlement date 20 April 2015	407,457,050	291,750,795	294,878,906	(3,128,111)
Two Euro forward foreign currency contracts totalling:				
Settlement date 2 April 2015	(1,800,000)	(1,322,170)	(1,302,257)	(19,913)
Settlement date 30 April 2015	(1,213,000)	(886,903)	(877,912)	(8,991)
				(3,157,015)

	Contract values	Outstanding contracts	Mark to market equivalent	Unrealised gains/(losses)
	31.03.2014	**31.03.2014**	**31.03.2014**	**31.03.2014**
	€	£	£	£
Five Sterling forward foreign currency				
Settlement date 10 April 2014	336,670,490	277,983,605	278,337,969	(354,364)
Three Euro forward foreign currency contracts totalling:				
Settlement date 10 April 2014	(7,268,478)	(6,066,768)	(6,009,120)	(57,648)
				(412,012)

As at 31 March 2015 and as at 31 March 2014 the Company held the following assets and liabilities denominated in Euro:

	As at 31.03.2015
Assets:	£
Investments	294,970,931
Cash and cash equivalents	65,945
Other receivables	1,765,988
Less: Open forward currency contracts	(292,698,735)
	4,104,129

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2015

17. Financial Risk Management (continued)

Foreign Currency Risk (continued)

	As at 31.03.2014 £
Assets:	
Investments	281,167,638
Cash and cash equivalents	1,473,166
Other receivables	1,710,381
Less: Open forward currency contracts	(272,328,849)
	12,022,336

The tables below summarise the sensitivity of the Company's assets and liabilities to changes in foreign exchange movements between Euro and Sterling at 31 March 2015 and 31 March 2014. The analysis is based on the assumption that the relevant foreign exchange rate increased/decreased by the percentage disclosed in the table, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

	As at 31.03.2015 £
Impact on Statement of Comprehensive Income and Equity in response to a:	
- 10% increase	(235,492)
- 10% decrease	495,428
Impact on Statement of Changes in Equity in response to a:	
- 10% increase	(235,492)
- 10% decrease	495,428

	As at 31.03.2014 £
Impact on Statement of Comprehensive Income and Equity in response to a:	
- 10% increase	(1,085,043)
- 10% decrease	(1,346,360)
Impact on Statement of Changes in Equity in response to a:	
- 10% increase	(1,085,043)
- 10% decrease	(1,346,360)

NOTES TO THE FINANCIAL STATEMENTS Continued

for the year ended 31 March 2015

17. Financial Risk Management (continued)

Capital risk management

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

(i) Share buybacks

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

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

(ii) Realisation opportunity

The Company's structure includes an opportunity for investors to elect to realise all or part of their shareholding in the Company after an initial three year period ending 6 March 2016 subject to the aggregate NAV of the continuing Ordinary Redeemable Shares on the last business day before the Reorganisation Date being not less than £50 million. It is anticipated that realisations will be satisfied by the assets underlying the relevant shares being managed on a realisation basis, which is intended to generate cash for distribution as soon as practicable and may ultimately generate cash which is less than the published NAV per Realisation Share.

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

(iii) Continuation votes

In the event that the Company does not meet the dividend target in any financial reporting period as disclosed in Note 18, the Directors may convene a general meeting of the Company where the Directors will propose a resolution that the Company should continue as an Investment Company.

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2015

18. Fair Value Measurement

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

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

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

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

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

The following tables analyse within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value for the year ended 31 March 2015 and the period ended 31 March 2014.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Financial assets at fair value through profit and loss:				
Asset Backed Securities:				
ABS CDO	-	1,396,309	-	1,396,309
CMBS	-	5,222,194	18,091,398	23,313,592
Leases	-	8,489,057	5,992,141	14,481,198
Leveraged Loan CLO	-	30,212,825	90,659,573	120,872,398
Non-Conforming RMBS	-	1,236,598	59,491,653	60,728,251
Peripheral RMBS	-	38,553,421	29,471,239	68,024,660
Peripheral SME	-	9,798,179	4,808,157	14,606,336
Prime RMBS	-	8,345,244	26,484,696	34,829,940
Student Loans	-	1,652,595	-	1,652,595
Derivative assets	-	89,873	-	89,873
Total assets as at 31 March 2015	-	104,996,295	234,998,857	339,995,152
Liabilities				
Derivative liabilities	-	3,246,888	-	3,246,888
Total liabilities as at 31 March 2015	-	3,246,888	-	3,246,888

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2015

18. Fair Value Measurement (continued)

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Financial assets at fair value through profit and loss:				
Asset Backed Securities:				
ABS CDO	-	1,471,544	-	1,471,544
CMBS	-	15,502,169	-	15,502,169
Leases	-	-	17,955,491	17,955,491
Leveraged Loan CLO	-	7,878,548	94,416,997	102,295,545
Non-Conforming RMBS	-	1,490,233	37,253,470	38,743,703
Peripheral Consumer	-	1,083,321	5,094,770	6,178,091
Peripheral RMBS	-	47,817,391	21,006,698	68,824,089
Peripheral SME	-	11,647,305	-	11,647,305
Prime RMBS	-	17,597,121	22,510,204	40,107,325
SME	-	-	3,430,847	3,430,847
Total assets as at	-	104,487,632	201,668,477	306,156,109
Liabilities				
Derivative liabilities	-	412,012	-	412,012
Total liabilities as at 31 March 2014	-	412,012	-	412,012

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

Asset Backed Securities which are not traded or dealt on organised markets or exchanges are classified in level 2. The prices of these Asset Backed Securities are obtained from an independent price vendor. Alternatively, where the Portfolio Manager determines that the price is not an accurate representation of the fair value of the Asset Backed Security, the Portfolio Manager may source prices from third party broker or dealer quotes and if the price represents a firm tradable price, the Asset Backed Security is classified in level 2.

NOTES TO THE FINANCIAL STATEMENTS Continued
for the year ended 31 March 2015

18. Fair Value Measurement (continued)
Asset Backed Securities where no third party verifiable price is available (either from price vendor or third party broker/dealer quotes), or where the Portfolio Manager determines that the provided price is not an accurate representation of the fair value are classified in level 3. The Portfolio Manager will determine the valuation of these Asset Backed Securities based on the Portfolio Manager's valuation policy, which may include the use of a comparable arm's length transaction, reference to other securities that are substantially the same, discounted cash flow analysis and other valuation techniques. Where the Portfolio Manager sources prices from a third party broker or dealer quotes and these prices are indicative rather than tradable, the Asset Backed Security is classified in level 3. All Asset Backed Securities classified as level 3 at 31 March 2015 and 31 March 2014 were priced from third party broker or dealer quotes.

The following tables present the movement in level 3 instruments for the year ended 31 March 2015 and the period ended 31 March 2014 by class of financial instrument.

	Opening balance	Purchases /(sales)	Net unrealised (loss)/gain for the year included in the Statement of Comprehensive Income for level 3 Investments held at 31 March 2015	Transfer into Level 3	Transfer out Level 3	Closing balance
	£	£	£	£	£	£
ABS CDO	-	-	-	-	-	-
CMBS	-	14,552,303	(2,355,943)	5,895,039	-	18,091,399
Leases	17,955,491	(2,091,602)	(1,382,691)	-	(8,489,057)	5,992,141
Leveraged Loan CLO	94,416,998	14,904,453	(12,104,190)	6,980,645	(13,538,333)	90,659,573
RMBS	37,253,469	22,606,642	(1,380,123)	2,248,261	(1,236,598)	59,491,651
Peripheral Consumer	5,094,770	(1,023,067)	-	-	(4,071,703)	-
Peripheral RMBS	21,006,698	2,333,193	(3,725,445)	11,076,260	(1,219,467)	29,471,239
Prime RMBS	22,510,204	1,374,930	(245,000)	2,844,563	-	26,484,697
SME	3,430,847	(3,223,495)	(207,352)	4,808,157	-	4,808,157
Total at 31 March 2015	201,668,477	49,433,357	(21,400,744)	33,852,925	(28,555,158)	234,998,857

18. Fair Value Measurement (continued)

	Opening balance	Purchases	Net unrealised gain/(loss) for the period included in the Statement of Comprehensive Income for level 3 Investments held at 31 March 2014	Closing balance
	£	£	£	£
Leases	-	16,975,719	979,772	17,955,491
Leveraged Loan CLO	-	90,733,139	3,683,859	94,416,998
RMBS	-	33,584,234	3,669,235	37,253,469
Peripheral Consumer	-	5,192,613	(97,843)	5,094,770
Peripheral RMBS	-	19,402,434	1,604,264	21,006,698
Prime RMBS	-	19,143,851	3,366,353	22,510,204
SME	-	3,539,926	(109,079)	3,430,847
Total at 31 March 2014	-	188,571,916	13,096,561	201,668,477

There were no transfers between levels during the period ended 31 March 2014.

The following tables analyse within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 31 March 2015 and 31 March 2014 but for which fair value is disclosed.

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

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18. Fair Value Measurement (continued)

	Level 1	Level 2	Level 3	Total
	31.03.2014	31.03.2014	31.03.2014	31.03.2014
	£	£	£	£
Assets				
Cash and cash equivalents	6,732,352	-	-	6,732,352
Other receivables	-	1,899,476	-	1,899,476
Total	**6,732,352**	**1,899,476**	**-**	**8,631,828**
Liabilities				
Amounts due to brokers	-		-	-
Other payables	-	327,060	-	327,060
Total	**-**	**327,060**	**-**	**327,060**

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

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

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

19. Segmental Reporting

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

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

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

20. Dividend Policy

The Board intends to distribute an amount at least equal to the value of the Company's net income arising each quarter to the holders of Ordinary Redeemable Shares. For these purposes, the Company's income will include the interest payable by the Asset Backed Securities in the Portfolio and the amortisation of any discount or premium to par at which an Asset Backed Security is purchased over its remaining expected life, prior to its maturity, however there is no guarantee that the dividend target of 5% of the issue price for the period ended 31 March 2014 or 6% of the Issue Price for financial years thereafter, will be met or that the Company will make any distributions at all.

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

NOTES TO THE FINANCIAL STATEMENTS Continued
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20. Dividend Policy (continued)
The Board expects that dividends will constitute the principal element of the return to the holders of Ordinary Redeemable Shares.

The Company declared the following dividends during the year ended 31 March 2015:

Period to	Dividend rate per Share (pence)	Net dividend payable (£)	Record date	Ex-dividend date	Pay date
30 June 2014	0.015	4,003,631	18 July 2014	16 July 2014	31 July 2014
30 September 2014	0.015	4,003,631	17 October 2014	16 October 2014	31 October 2014
31 December 2014	0.015	4,273,631	16 January 2015	15 January 2015	30 January 2015
31 March 2015	0.0215	6,125,537	17 April 2015	16 April 2015	30 April 2015

Under Guernsey law, companies can pay dividends in excess of accounting profit provided they satisfy the solvency test prescribed by the Companies (Guernsey) Law, 2008. The solvency test considers whether a company is able to pay its debts when they fall due, and whether the value of a company's assets is greater than its liabilities. The Company passed the solvency test for each dividend paid.

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

22. Subsequent Events
These Financial Statements were approved for issuance by the Board on 15 July 2015. Subsequent events have been evaluated until this date.

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

On 30th April 2015, the Portfolio Manager, TwentyFour Asset Management LLP, agreed to enter into a strategic partnership with Vontobel Asset Management ("Vontobel", the multi-boutique asset manager and subsidiary of the Vontobel Group. Vontobel will acquire a 60 percent stake in TwentyFour Asset Management LLP

The transaction strengthens Vontobel's presence in the UK market, extends its fixed income product offering and underlines its commitment to broaden its asset management business through targeted investments.

TwentyFour's Partners will continue to manage TwentyFour's day-to-day operations, retaining full authority over fund investment decisions. The established TwentyFour brand will remain in place. TwentyFour's Partners and key employees will retain a 40 per cent stake in the business and will remain fully committed to TwentyFour. To further strengthen alignment, the Partners have agreed to reinvest a significant share of their consideration into existing TwentyFour or Vontobel investment funds. In line with Vontobel's multi-boutique structure, both firms' investment platforms will operate independently of each other to ensure a continuation of their strong performance record. The 40 per cent stake held by the Partners will be acquired by Vontobel over the longer-term.

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