

TwentyFour Income Fund Limited is managed by TwentyFour Asset Management LLP and is a non-cellular company limited by shares incorporated in Guernsey and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission. Its shares are traded on the Main Market of the London Stock Exchange.

Market Commentary

There was plenty of headline news in May, with investors' attention being drawn from the continuing developments in the Ukraine to the European elections, and more relevantly to the pronouncements of various Central Banks. Traditionally this could have been the driver for a widening in spreads and corresponding price falls, however they were largely treated as a side-show. While the significant success of the protest parties might have a more meaningful impact in the long term as they make their greater presence felt, the focus instead was on disinflation, the next ECB meeting and more relevant market developments.

At the press conference after the last ECB meeting, Mario Draghi strongly indicated that the Council was prepared and expecting to take action in June, and as such the market has built into its expectations a degree of action. At a minimum, this should be a cut in the refi rate and a matching cut to a negative absolute rate for the deposit rate, however the market could potentially be disappointed if the Council does not go further and announce plans for a contingent-LTRO (cheap funding for banks that hit certain lending targets, similar to the Bank of England's FLS) and potentially announce a form of direct action into the securities market along the lines of QE, buying sovereign debt or potentially ABS/corporate bonds. The portfolio managers do not expect that the ECB will be in a position to launch the latter, however any discussion around format would likely have a material effect on market pricing.

The ECB and the Bank of England released their joint paper on their view of the future of the European ABS markets which showed that effort had been made to understand the issues faced, and also a number of suggestions as to how to drive it forward. The overriding takeaway was that they are increasingly supportive of this market and all it can do to aid bank and non-bank lenders in terms of risk transfer and diversifying funding, and they appear determined to level the playing field that currently demands that banks and insurance companies do not invest in ABS on as favourable terms as they can in competing assets such as covered bonds.

At the end of the month UKAR (owner of Northern Rock's legacy business) tendered for its Whinstone programme, paying up significantly over prevailing markets to buy back bonds that they saw as being expensive debt. As these bonds act as a loss cushion for the Granite programme, their willingness to take back this long-dated credit exposure to the Granite borrower pool indicates confidence in the future fundamental performance.

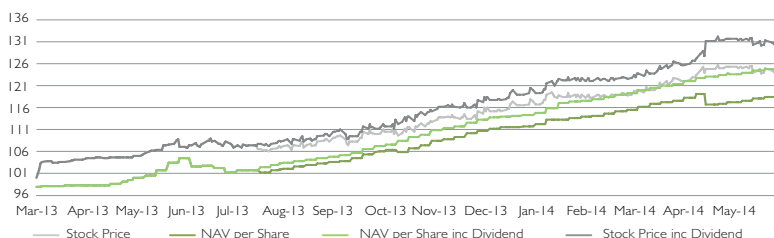
The material change in the fund's profile was the tendering of its holdings of Whinstone. This was the fund's largest position and was sold between 16% and 27% above the original purchase prices. Some of this cash inflow has been reinvested, although the remainder explains why the fund is slightly longer cash than it would normally be. The fund also disposed of a vintage Portuguese RMBS position, and picked up yield by moving into some CLOs, CMBS and RMBS positions. Overall the fund added 1.42% in the month with the volatility at 6.03%. The gross portfolio yield at month end closed at 7.52%.

Market Outlook

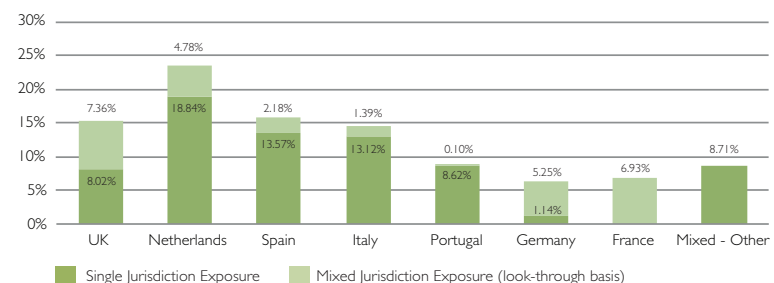
While the market traditionally tends to slow down into the summer and performance can stagnate, it feels as if the market is well supported. Fundamentals continue to improve across most relevant metrics, indicating value in the asset class and with spreads in competing products tighter than ABS on a relative value basis the market feels relatively cheap.

There is potential for the ECB to disappoint the fixed income markets during June, however with the strong demand/supply technical still in place it feels unlikely that ABS will sell-off as badly as other asset types might, and there is the upside that any action could specifically focus on this market or on the drivers of its fundamental performance.

Fund Performance

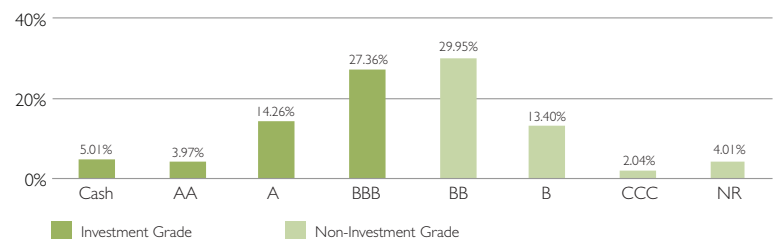


Geographical Breakdown (Issuer)



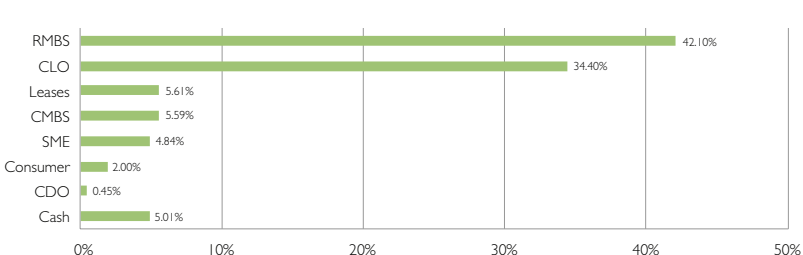
Excluding Cash

Rating Breakdown



Source: Moody's, S&P and Fitch

Sector Breakdown



Top 10 Holdings

Security	Sector	WAL	% of Total
LEMES 06-I	CMBS	2.22	4.12%
LUSI 5	Peripheral RMBS	7.21	4.10%
ESAIL 07-NL2	Non-Conforming RMBS	12.13	3.97%
ITALF 07-I	Leases	2.28	3.27%
BANKP I	Peripheral SME	6.30	3.24%
EMACP 07-NL4	Prime RMBS	12.30	2.60%
DOLPH 10-3	Prime RMBS	1.06	2.29%
MSIMM 07-I	Lev loan CLO	4.59	2.25%
EUROCVIII-X	Lev loan CLO	1.14	2.18%
RLOC 07-I	Non-Conforming RMBS	6.92	2.17%

Past performance is not an indication of future performance
Source: TwentyFour Asset Management, save as indicated

Fund Objective

The Fund aims to generate attractive risk adjusted returns principally through income distributions.

Investment Approach

The Fund will invest in a diversified portfolio of UK and European Asset Backed Securities. Uninvested cash or surplus capital or assets may be invested on a temporary basis in cash and/or a range of assets including money market instruments and government bonds. Efficient portfolio management techniques will be employed such as currency hedging, interest rate hedging and the use of derivatives such as credit default swaps to mitigate market volatility.

In the event that investors elect to realise all or part of their shareholdings in the Fund pursuant to the realisation election on the 3rd anniversary of the admission of the Fund's shares to the London Stock Exchange, the Fund will split its portfolio into two pools and realise the assets comprised in the realisation pool on a timely basis in accordance with an orderly realisation programme with the aim of making progressive returns of cash to the relevant investors as soon as practicable.

This is only a summary; details of the Fund's investment policy, including investment restrictions, are set out in the Prospectus.

The Fund currently conducts its affairs so that the shares issued by it can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because the Fund would qualify as an investment trust if the Fund was based in the UK.

Fund Facts

Type of Fund	Closed-ended investment fund
Listing and Trading	UKLA Official List; LSE Main Market
Launch Date	6 March 2013
Launch Price	100p per Ordinary Share
Current Price per Share	124.50p
Current Price per Share (inc Dividend)	130.89p
Current NAV per Share	119.08p
Current NAV per Share (inc Dividend)	125.46p
Premium / (Discount) to NAV	4.55%
Market Capitalisation	£325.0m
Shares in Issue	266.9m
Dividend	Quarterly from 1 July 2013
Dealing	Daily during LSE opening hours
NAV Calculation	As of the last business day of each week and each month
Currency	£ denominated
ISA and SIPP Eligible	Yes
Realisation Election	On or before 6 March 2016

Technical Information

Investment Manager	TwentyFour Asset Management LLP
Board of Directors	Fully Independent
Administrator / Custodian	Northern Trust
Broker	Numis Securities
Auditor	PricewaterhouseCoopers
Management Fee	0.75% of lower of market cap or NAV
Estimated Ongoing Charge Ratio*	0.99%*

*As at 30/09/2013. Further information on fund charges and costs are included on the Fund's website at www.twentyfourincomefund.com

Share Codes

TIDM:	TFIF
SEDOL:	B90J5Z9
ISIN:	GG00B90J5Z95

Lead Fund Managers



Rob Ford
Partner with 27 years' of Fixed Income experience; previously Head of European ABS trading at Barclays Capital.



Ben Hayward
Partner with 16 years' structured finance experience; previously senior fund manager to four portfolios at Citi Alternative.



Aza Teeuwen
Portfolio Manager with 7 years' structured finance experience; previously buy-side analyst for IMC asset management.



Douglas Charleston
Portfolio Manager with 7 years' experience. Previous roles include a structurer at Loyds and ratings analyst at S&P.

Further Information



TwentyFour
Asset Management

TwentyFour AM

John Magrath

Tel. 020 7015 8912

john.magrath@twentyfouram.com

Numis
Securities Limited

Numis Securities

Chris Gook

Tel. 020 7260 1378

c.gook@numis.com

FOR FINANCIAL ADVISERS AND INSTITUTIONAL/PROFESSIONAL INVESTORS ONLY. NO OTHER PERSONS SHOULD RELY ON THE INFORMATION CONTAINED WITHIN THIS DOCUMENT. Please note the views, opinions and forecasts expressed in this document are based on TwentyFour's research, analysis and house views at the time of publication. No recommendations to buy or sell investments are implied. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. Tax assumptions may change if the law changes and the value of tax relief will depend upon individual circumstances. In making any investment in TwentyFour Income Fund, investors should rely solely on the Prospectus and not the summary set out in this document. The Prospectus is available at www.twentyfourincomefund.com

TwentyFour Asset Management LLP is a Limited Liability Partnership incorporated in England under Partnership No. OC335015 with its registered office at 24 Cornhill, London EC3V 3ND and is authorised and regulated in the UK by the Financial Conduct Authority, FRN No.481888.