

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

December continued the prevalent mood of November as the market waited for the Fed to decide whether they would start to reduce the amount of asset purchases they were making on a monthly basis. When this decision finally came (purchases are to be reduced by a combined \$10bn starting later this month), the accompanying rhetoric gave comfort by indicating a timeline for a continued reduction of a further \$10bn per meeting (subject to a stable economic environment) and a dovish outlook for the economy. This meant that the announcement was generally taken in the market's stride with most asset classes rallying in response, with the exception of the US Treasury market which sold off in response and the Gilt market which moved in sympathy with its US counterpart. The European ABS market had been quieter in December with a drop in new issuance, although the secondary markets remained active with a steady flow of bid lists trading and with most dealers continuing to trade. However, there were a couple of exceptions to this with those who were looking to lighten inventory prior to year end. This did not result in a widening of spreads across the board however; with many dealers wary that should they lighten up at this point in the rally, it could prove difficult to reposition bonds after the year end and so may miss the full upside of a continued rally in the market.

The appetite for risk was supported by strong fundamental data in the relevant geographies, most notably in the UK. All indications continue to point to a recovering housing market across the UK, with Hometrack saying that 75% of UK postal districts had seen price increases during 2013. Mortgage approvals jumped towards the end of the year finishing at the highest level in almost 6yrs, and net lending data from the Funding for Lending Scheme pointing to increased usage and greater volumes of net lending. Most importantly for UK RMBS was another material improvement in the unemployment rate from 7.6% to 7.4%. Corresponding employment data in Spain and Holland also showed an improving trend on the month.

The fund was relatively light on activity during the month, adding a CLO position and a UK Prime bond to invest small amounts of cash. During the month the NAV per share increased by 0.90%, the proportion of the portfolio represented by investment grade assets (including cash) is 53.50% and the gross portfolio yield at the end of the month closed at 7.64%.

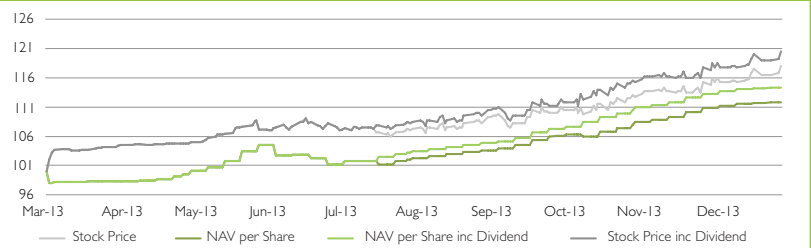
Market Outlook

The market has opened in January feeling as if the investor appetite that was strong throughout 2013 is going to continue for the foreseeable future. Market participants are not fully back from the Christmas break yet, however the first two days of trading show spreads tightening from where we left them. While 2013 was a year of exceptional returns for mezzanine ABS, our expectations are for another year of strong performance (that may struggle to match 2013, but could offer double digit returns).

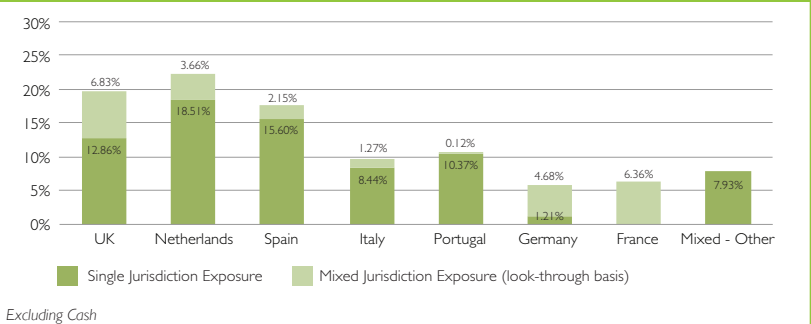
Spanish and Italian government yields have tightened significantly over the last quarter and in particular have opened the year strongly with both the 10yr bonds trading below 4% as we type. This compression of spreads to other sovereigns should be reflected in the same performance in ABS from those markets, as investors grow increasingly comfortable with this risk, and where the spreads available still offer a significant yield premium over core European alternatives.

In contrast, the move in the 10yr Gilt has been pronounced since last summer and, as the US tapers and should fundamental data continue to impress, the market will increasingly push up yields, whether the Bank of England move rates or not.

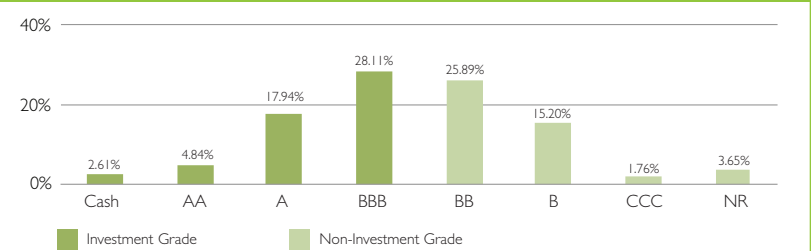
Fund Performance



Geographical Breakdown (Issuer)

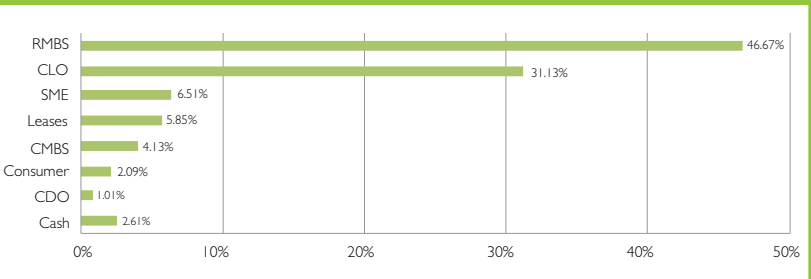


Rating Breakdown



Source: Moody's, S&P and Fitch

Sector Breakdown



Top 10 Holdings

Security	Sector	WAL	% of Total
ESAIL 07-NL2	Non-Conforming RMBS	12.67	4.85%
WHINSTONE	Prime RMBS	7.56	4.78%
LEMES 06-1	CMBS	2.64	4.13%
LUSI 4	Peripheral RMBS	6.62	3.76%
ITALF 07-1	Leases	2.36	3.73%
LUSI 5	Peripheral RMBS	7.17	3.55%
MERCIT I-X	Lev loan CLO	4.30	3.30%
BANKP I	Peripheral SME	6.54	3.00%
DOLPH 10-3	Prime RMBS	1.48	2.46%
MSIMM 07-1	Lev loan CLO	4.93	2.41%

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.

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	118.00p
Current Price per Share (inc Dividend)	120.50p
Current NAV per Share	111.80p
Current NAV per Share (inc Dividend)	114.30p
Premium / (Discount) to NAV	5.54%
Market Capitalisation	£315.0m
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 Lloyds and ratings analyst at S&P.

Further Information



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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.