

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

April turned out to be a stellar month for fixed income returns, with the higher beta sectors and peripheral geographies being the clear winners. Potential market headwinds such as an escalation of military action in Korea or the impasse in the Italian political situation have for the moment been swept aside, leaving the market facing an immensely strong technical backdrop with demand for yield significantly outweighing supply. This was further fuelled by the latest and, so far, most aggressive stimulus from the Bank of Japan and also a general belief that the weakening economic data from around the globe would result in more intervention for longer.

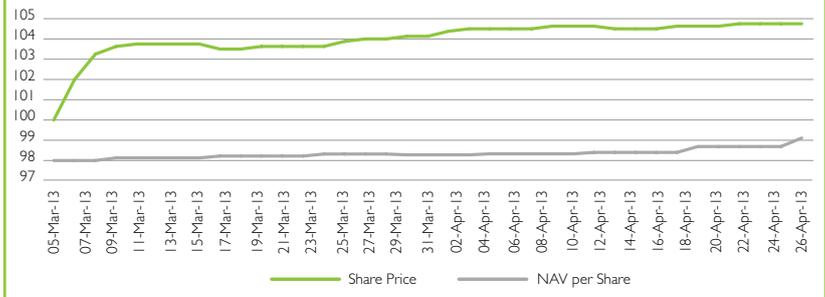
The mezzanine European ABS market has also been affected by this general spread tightening. Bonds generally remain very good value and the sector has seen inflows of new money since the launch of the Fund. Unlike other parts of the fixed income market, new supply has been generally very scarce, particularly in the mezzanine tranches that the Fund is targeting. So, if anything, the technical picture (as described above) is even stronger in the ABS sector and there is little to suggest this will change currently. One interesting development on the supply side though, has been the reopening of the European CLO market where there is now a good pipeline of new issues coming and with a full capital structure from AAA bonds all the way down to equity. The new issues look fairly attractive and this has certainly increased market awareness in the sector.

In terms of the portfolio, the Portfolio Managers were targeting to be fully invested within 3 months of launch. To date they can report that they are ahead of schedule with just 22% yet to be invested. The invested portion has been very much a stock picking exercise enabling the managers to take advantage in value across a broad range of ABS sectors. For example, the PMs found more attractive opportunities in old vintage prime Spanish RMBS than were expected. Additionally, as mentioned, the rebirth of the European CLO primary market led to an increase in secondary trading which really highlighted the value of some of the older deals, so this sector is particularly well represented in the portfolio so far. The pan European nature of CLO transactions also serves to further the geographic diversity of the Fund. From a top down perspective the fund's portfolio has a gross yield of 8.22% of the invested portion so far. The average maturity of the holdings is 7.8 years and therefore well exposed to the spread tightening that the team expect. We expect to invest the residual cash during May, but given that the majority is already at work, there is a little less time pressure and the team can be more opportunistic in their remaining stock selection.

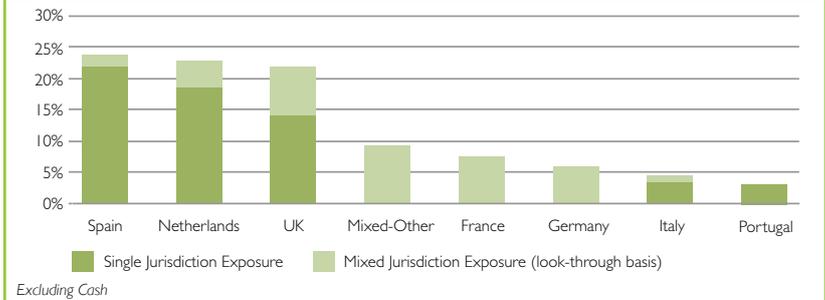
Market Outlook

The technical position as described is likely to be the main driving force in the ABS market, and barring any market disruptions we would expect this trend to continue. With the European peripheral sovereign debt yields converging heavily onto core Europe, Draghi's transmission mechanisms for monetary policy are slowly being repaired, and it is this that is causing the strong performance in the general fixed income credit markets. As this continues, it only serves to highlight further the residual value left in mezzanine ABS. The reporting season for banks has generally been a strong one and their capital levels are improving to levels that are more comfortable, even on a Basel 3 basis. What this means for the on-going sale of non-core assets for the banks remains to be seen. However we suspect that it will continue, but perhaps not at the pressured pace of the last 12 months.

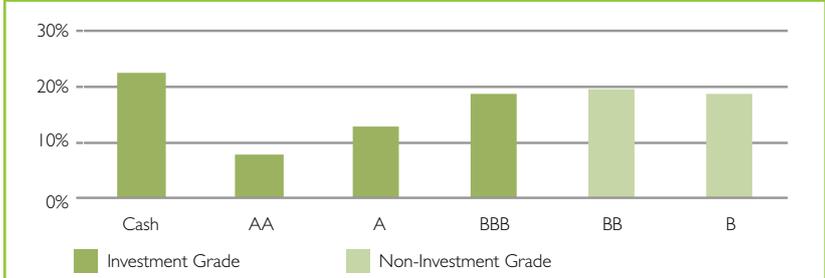
Fund Performance



Geographical Breakdown (Issuer)

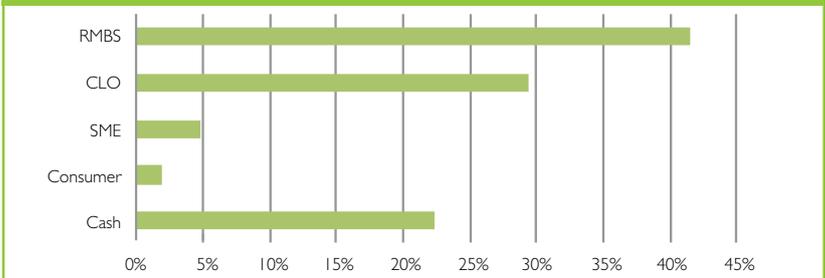


Rating Breakdown



Source: Moody's, S&P and Fitch

Sector Breakdown



Top 5 Holdings

Security	Sector	WAL	% of Total
MERC T I-X	Lev Loan CLO	5.69	4.45%
WHINSTONE	Prime RMBS	7.97	4.41%
EUROCVIII-X	Lev Loan CLO	4.79	4.10%
ESAIL 07-NL2	Non-Conforming RMBS	11.81	4.07%
EMACP 07-NL4	Prime RMBS	13.18	3.90%

Next Top 5 Holdings (as % of Total Portfolio): 16.7%

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	104.75p
Current NAV per Share	99.54p
Premium / (Discount) to NAV	5.23%
Market Capitalisation	£157.1m
Shares in issue	150m
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*	1.00%

*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

Fund Managers



Rob Ford
Partner with 26 years of Fixed Income experience; previously Head of European ABS trading at Barclays Capital.



Ben Hayward
Partner with 14 years structured finance experience; previously senior fund manager to four portfolios at Citi Alternative.



Aza Teeuwen
Portfolio Manager with 5 years structured finance experience; previously buy-side analyst for IMC asset management.



Eoin Walsh
Partner with 14 years credit market experience; previously senior portfolio manager at Citi Alternative.



Gary Kirk
Partner with 25 years of credit market experience; previously Head of Proprietary Credit trading at Wachovia.

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.