

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

After the disorder and uncertainty in markets following Bernanke introducing the potential easing of Fed purchases in late May, a degree of calm and stability returned to fixed income in July and correlations regained some air of normality. Economic fundamentals have been mixed but there has been sufficient evidence to suggest the US recovery will continue to show steady momentum and, even if it does falter, the Fed have reiterated that it will be ready to lend support. The market was further encouraged in Europe as both Portugal and Greece received endorsements from the EU/ECB during the month and politicians across the whole region appeared to be showing support for growth and not focusing purely on austerity. Away from the macro economic factors we have seen a raft of corporate earnings over the month, which have generally been supportive for risk assets. We are currently over halfway through the H1 earnings season which looks set to endorse the view that the global economy is slowly pulling away from the recession and credit crisis.

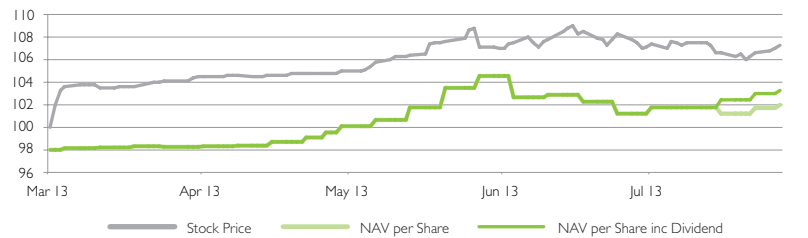
Where the wider financial markets recovered a significant amount of the value lost in June, ABS spreads are still lagging as they did during the move wider in June. Market activity has also become more muted as the month progressed, however where there have been public auctions in the secondary market, the bonds have been well bid and liquidity for sellers has not been an issue. We have seen a couple of new deals brought to market, some of which have been privately placed, and a further two tenders for a range of RMBS deals sponsored by Bankia and Caixa Geral, taking the total number of tenders in 2013 to five. These tenders had differing results with Bankia buying back significantly more (€620mm vs. €500mm planned) than they had indicated they would, but Caixa Geral opted to only purchase €64mm (max €559mm). As we have said before, tenders are a positive indicator for ABS as it shows that the originator sees the risk as being undervalued, and as they have the funding to make these purchases, they are not going to be big issuers of new RMBS which supports our view of reduced supply on an on-going basis. The primary market in CLOs is starting to revive and there is a healthy pipeline of deals that are expected to come to the market just after the summer.

The ECB continued to help the ABS market during the month with comments made in a publication on 18 July. The paper announced that haircuts on ABS used as collateral would be reduced to come more into line with comparable forms of collateral (although they are still treated more harshly than covered bonds), and that the minimum ratings requirements would be relaxed. In the same paper they continued to stoke investor expectations that a form of support for SME-backed ABS would be forthcoming, focusing on how to "improve funding conditions for SMEs" primarily through accepting SME ABS tranches as collateral. While the month saw spreads regain a degree of the price drop seen during June, that did not happen on a widespread basis and some positions remain cheap to their prices at the end of May. Market volumes were relatively light however there were opportunities for some relative value switches and for the outright investment of the remainder of the cash position generated by the recent tap. The Fund sold three UK non-conforming positions and one CLO during the month that had run their course and the allocation to the Netherlands increased via exposures to prime mortgages and a commercial mortgage deal. Overall during the month the NAV per share increased by 2.01%, taking this to 102.01p after payment of the first dividend (1.25p per share). The proportion of the portfolio represented by investment grade assets (including cash) is 49.7%. The yield at the end of the month closed at 7.70%.

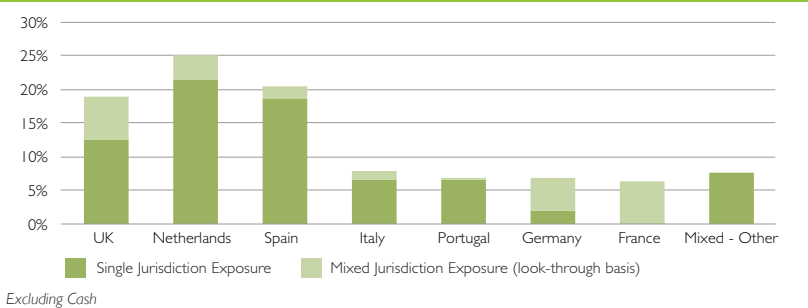
Market Outlook

ABS is still lagging across the board, however with fundamentals still strong, accommodative interest rates set to stay in the key European jurisdictions, and with further lack of supply strengthening the long-term technical, then the medium term argument for the asset class to perform is still strong. It is hard to see significant spread tightening during August as the market should be quiet, however as investors come back to their desks at the end of the month and with banks past the half-year point, we would expect to see bond prices pick up the rest of the recent sell-off. The changes made by the ECB will not have an immediate impact on the market, but rather will contribute to the ongoing trend of ABS being an asset class that is underutilised, and one which central banks and policy makers continue to turn to implement support. In the medium-term this will contribute to liquidity and should compress spreads.

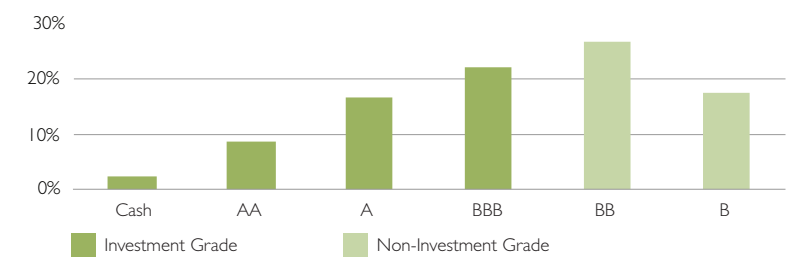
Fund Performance



Geographical Breakdown (Issuer)

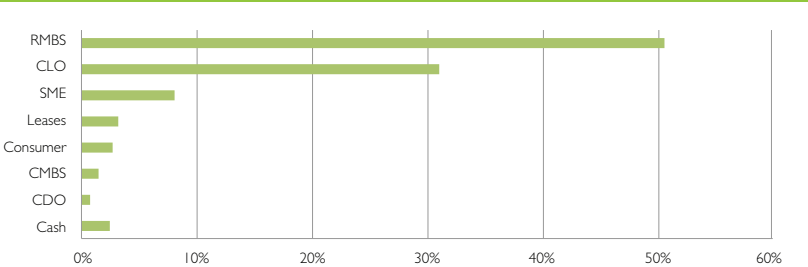


Rating Breakdown



Source: Moody's, S&P and Fitch

Sector Breakdown



Top 10 Holdings

Security	Sector	WAL	% of Total
WHINSTONE	Prime RMBS	7.97	4.59%
MERC T I-X	Lev Loan CLO	5.69	4.10%
ESAIL 07-NL2	Non-Conforming RMBS	11.81	4.02%
DOLPHI 2010-3	Prime RMBS	1.89	3.95%
EMACP 07-NL4	Prime RMBS	13.19	3.57%
BANKP I	Peripheral SME	6.87	3.48%
EUROCVIII-X	Lev Loan CLO	4.87	3.45%
ITALF 07-1	Leases	2.60	3.15%
BCJAF 6	Peripheral RMBS	6.72	2.91%
LUSI 4	Lev loan CLO	6.65	2.87%

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	107.25p
Current NAV per Share	102.01p
Current NAV per Share (inc Dividend)	103.26p
Premium / (Discount) to NAV	5.14%
Market Capitalisation	£201.4m
Shares in Issue	187.7m
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

Lead 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 15 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.



Douglas Charleston
Portfolio Manager with 6 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.