

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

August opened as expected with the markets quiet as most participants were in holiday mode, resulting in low volumes and bonds confined to tight trading ranges. On the macro front economic fundamentals showed continued improvement in both the US and Europe, indicating a sustained recovery with US GDP revised up to 2.5%, European GDP positive at 0.3% and the UK Q2 numbers upgraded to 0.7%. Leading indicators, such as Industrial Production and PPI data, had suggested that economic conditions were improving in Europe but with growth being recorded in Germany, France and Portugal and with Spain and Italy having reported marked improvement (if still negative) numbers at the end of July, the outlook for the Eurozone is more positive than it has been for a number of years and the forecast from Mario Draghi at the next ECB conference will be closely watched.

Market sentiment changed however during the second half of the month as investors and traders alike focussed on the deteriorating situation in Syria and specifically the likelihood and willingness of the US to take military action. The scenario of further US engagement in a middle-eastern conflict pushed markets down, aided by the prospect of US tapering being implemented at the FOMC meeting on 17/18th September.

With US tapering being an increasing driver of markets since the second quarter, Bank of England Governor Mark Carney introduced forward guidance in the UK. This emphasized that interest rates in the UK would stay low for a prolonged period of time, and that when unemployment fell to 7% then discussions would begin around rate rises, but that this measure would not be an automatic trigger for rises in and of itself. The Bank currently does not expect unemployment to drop to that level until 2016. The clear intention here is that businesses and individuals should feel confident that concerns around a rise in borrowing costs should not impede their plans in the medium term, and that by removing this fear a sustainable recovery can be achieved.

Economic fundamentals were mixed across the major geographies in the fund. In the UK the majority of house price indicators were positive in the month and mortgage applications and loans made (BoE) also both grew, although approvals dropped slightly (BBA). In Holland consumer confidence and house prices were positive, but unemployment continued to rise and GDP fell.

While the secondary market was functioning, albeit on low volumes, the primary market was non-existent in August. Secondary market auctions traded well despite lower levels of interest. Spanish RMBS was the outperformer on the month seeing spread tightening across the capital structure as investors continued to chase what is seen to be a generous risk premium to the rest of the European market.

While the markets were quiet during the month the fund executed a number of switches, notably selling out of a Dutch non-conforming mortgage bond that had been bought shortly after launch and which had traded up a long way. The proceeds were reinvested across a number of different positions, including CMBS, Prime RMBS and UK non-conforming mortgages, for a significant pick up in yield, or reduction in risk.

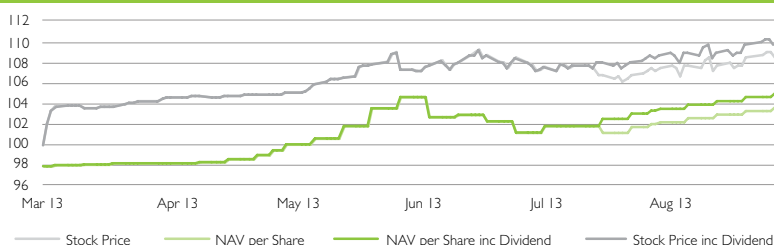
During the month the NAV per share increased by 1.54%. The proportion of the portfolio represented by investment grade assets (including cash) is 50.02% and the gross portfolio yield at the end of the month closed at 7.61%.

Market Outlook

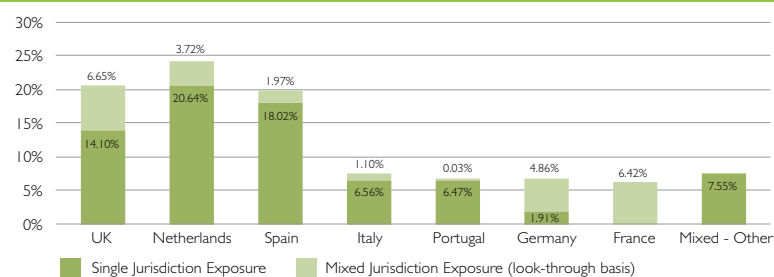
As we start September we would normally expect the markets to tighten as participants return from the summer break, with dealers having gone into the summer lighter than usual and looking to reload. However while we might see this in the next week or so the focus is going to be on the outcome of the Fed's tapering decision – i.e. whether to taper, and if so by how much.

We expect the upcoming German elections to be largely a sideshow to US tapering, but a smooth run for Chancellor Merkel would be seen as a validation of the approach taken to peripheral Europe and may underpin spreads in Spanish RMBS.

Fund Performance

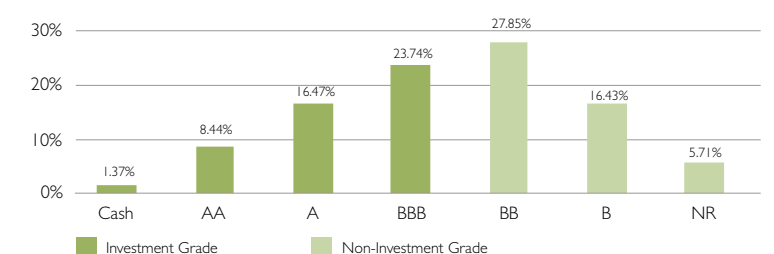


Geographical Breakdown (Issuer)



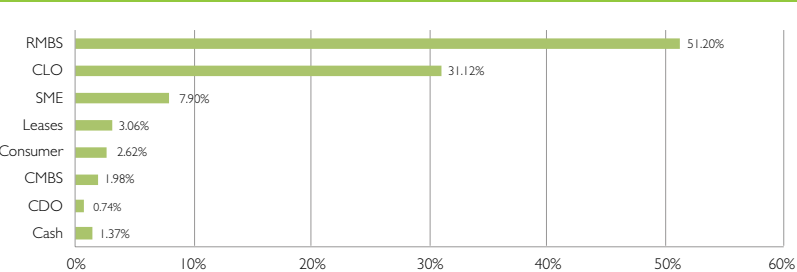
Excluding Cash

Rating Breakdown



Source: Moody's, S&P and Fitch

Sector Breakdown



Top 10 Holdings

Security	Sector	WAL	% of Total
WHINSTONE	Prime RMBS	7.89	4.77%
ESAIL 07-NL2	Non-Conforming RMBS	12.35	3.99%
MERCIT I-X	Lev loan CLO	5.62	3.91%
DOLPH I0-3	Prime RMBS	1.81	3.83%
EMACP 07-NL4	Prime RMBS	13.11	3.51%
EUROCVIII-X	Lev loan CLO	4.79	3.39%
BANKP I	Peripheral SME	6.90	3.38%
ITALF 07-I	Leases	2.52	3.06%
LUSI 4	Peripheral RMBS	6.57	2.80%
DRYD 06-I5	Lev loan CLO	6.81	2.75%

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	108.25p
Current NAV per Share	103.60p
Current NAV per Share (inc Dividend)	104.85p
Premium / (Discount) to NAV	4.49%
Market Capitalisation	£204.1m
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



TwentyFour
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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.