

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

Markets opened the year in a positive mood, creating a strong technical bias to the upside as sentiment had been broadly accepting of the Fed's decision to taper at the December meeting. However by mid-month this had reversed, driven by concerns around a number of Emerging Market economies where fundamental performance tipped investors to sell risk. While the media sought to blame the resultant move in the FX markets of Argentina, South Africa, Turkey, India and Indonesia on the impact of the Fed tapering, pushing up the cost of funding in USD for these countries, that was merely one driver and on its own would not have led to the size of the move seen so far. Political upheaval in the Ukraine further exacerbated the situation, as did the threatened default of a Chinese wealth management trust. While this was "only" \$496m in size, the size of the market of similar instruments and the resulting impact on the domestic Chinese economy in the case of mass defaults only added to the uncertainty.

In the UK the January unemployment data again surprised to the upside with the rate dropping from 7.4% to 7.1%, narrowly above the 7% rate at which the MPC would start considering a change in base rates. Again Governor Carney was forced to emphasize that a policy hike would be driven by more than just the unemployment number, and that with inflation dropping to the Bank's target rate of 2%, he now probably has more leeway to leave rates lower for longer than he had previously. We note that continuing low productivity data could ultimately put upward pressure on prices, however the majority of commentators still do not see any change in the rate environment until 2015.

House prices in the UK continued to climb on a nationwide basis reaching their highest level since 2006, driven by similar data on mortgage approvals. While the Dutch housing market saw a 0.5% month on month increase, the unemployment rate grew by 0.3%. In Spain the quarter on quarter GDP growth was positive at 0.3%, however the housing market remains depressed and mortgage lending continues to shrink.

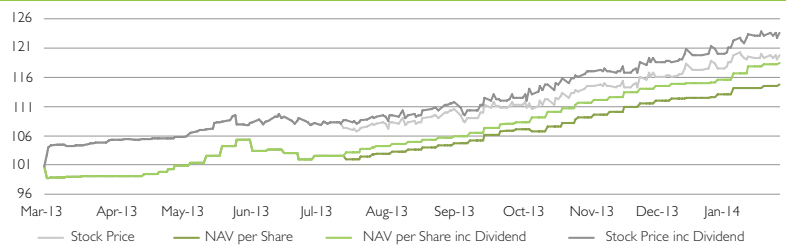
The fund traded a number of positions during the month, disposing of a number of positions in RMBS, CLOs and CDOs that had performed strongly and no longer offered a significant yield premium, and adding a new issue CLO and a recently issued CMBS deal amongst others. During the month the NAV per share increased by 2.93%, the proportion of the portfolio represented by investment grade assets (including cash) is 51.8% and the gross portfolio yield at the end of the month closed at 7.64%.

Market Outlook

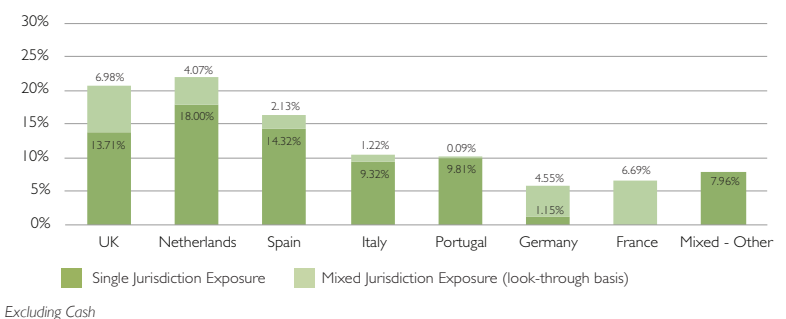
While the European ABS market is one where fundamentals are largely disconnected from the majority of the drivers of the recent wider market moves, ultimately these are still instruments that are traded over the counter. As a result, should the disruption continue for a prolonged period, the ABS market may start to import a small degree of correlation.

We expect that as there will be little new issuance other than CLOs and potentially CMBS, the absence of significant alternative supply provides a strong technical support to market prices. If we do see dealers moving their bids in the secondary market then we may see investors looking to take profit and reduce risk, and this may well be an opportunity to add positions at a cheaper level through relative value switches as the compression trade we have seen across the capital structure might reverse.

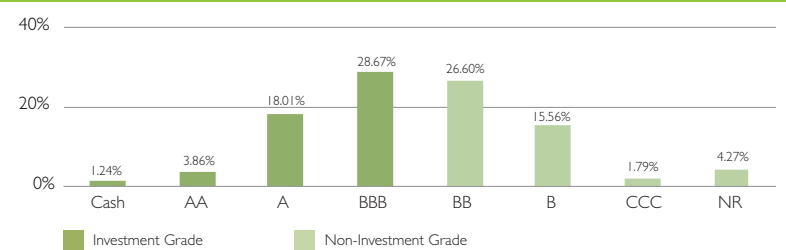
Fund Performance



Geographical Breakdown (Issuer)

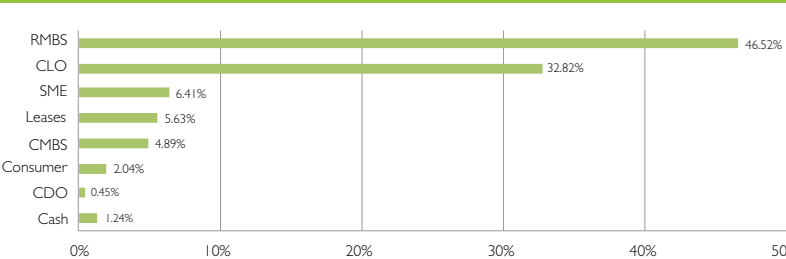


Rating Breakdown



Source: Moody's, S&P and Fitch

Sector Breakdown



Top 10 Holdings

Security	Sector	WAL	% of Total
ESAIL 07-NL2	Non-Conforming RMBS	12.87	4.87%
WHINSTONE	Prime RMBS	7.47	4.73%
LEMES 06-1	CMBS	2.56	4.06%
LUSI 4	Peripheral RMBS	6.54	3.85%
LUSI 5	Peripheral RMBS	7.25	3.55%
ITALF 07-1	Leases	2.47	3.49%
MERCT I-X	Lev loan CLO	4.22	3.43%
BANKP I	Peripheral SME	6.47	2.99%
EMACP 07-NL4	Prime RMBS	12.69	2.66%
DOLPH 10-3	Prime RMBS	1.39	2.39%

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	119.00p
Current Price per Share (inc Dividend)	122.75p
Current NAV per Share	113.90p
Current NAV per Share (inc Dividend)	117.65p
Premium / (Discount) to NAV	4.47%
Market Capitalisation	£317.6m
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



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.