

Investor Reporting Disclosure

Alternative Investment Fund ('AIF' or the 'Company'):	TwentyFour Income Fund Limited
Alternative Investment Fund Manager ('AIFM'): Investment Manager:	Phoenix Fund Services (UK) Ltd (the 'Manager') TwentyFour Asset Management LLP
Date of disclosure:	22 July 2014

1. IMPORTANT INFORMATION

Introduction

Pursuant to the Alternative Investment Fund Managers Directive, this investor reporting disclosure document is provided to all new investors in the AIF located in the European Economic Area ('EEA') and also to EEA investors in AIFs located outside the EEA, solely to make particular information available to investors prior to any investment being made. The Manager, the Company and its Directors will not be responsible to persons other than the Company's shareholders for their use of this document, nor will they be responsible to any person (including the Company's shareholders) for any use which they may make of this document. This document is being made available to investors in the Company at www.twentyfourincomefund.com.

This document should be viewed in conjunction with the Company's annual report and audited financial statements for the period from 11 January 2013 to 31 March 2014 (the "Annual Report and Audited Financial Statements"). Capitalised terms in this document shall have the meaning given in the Company's Annual Report and Audited Financial Statements unless the context otherwise requires.

This document does not purport to provide complete details of the AIF and potential investors should not solely rely upon this document when determining whether to make an investment. Furthermore, investors should refer to the risks and disclaimers contained within the Annual Report and Audited Financial Statements.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document is not intended to include all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company.

No advice given

The Manager, the Company and its Directors are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Manager, the Company or any of its affiliates, officers, Directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and to an investment in its shares.

Overseas investors

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The shares have not been, and will not be, registered under the United States Security Act of 1933 (as amended) or the securities laws of any states of the United States or under any of the relevant securities laws of Canada, Australia, the Republic of South Africa or Japan or their respective territories or possessions. Accordingly, the shares may not (unless an exemption from such Act or such laws is

available) be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, the Republic of South Africa or Japan. The Company is not registered under the United States Investment Company Act 1940 (as amended) and investors will not be entitled to the benefits of such legislation.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares.

2. Performance Summary

The historical performance of the Company can be found within the Company's Factsheets, which are published on its website: www.twentyfourincomefund.com.

Investors should note that past performance of the Company is not necessarily indicative of future performance. Capital may be at risk as the value of investments may go down as well as up and is not guaranteed, therefore investors may not get back the amount originally invested. There can be no guarantee that the investment objective of the Company will be achieved or provide the returns sought by the Company or its investors.

3. Risk Factors

Material risk factors relating to the Company and its shares can be found in the Annual Report and Audited Financial Statements, which can be found on the Company's website: www.twentyfourincomefund.com.

4. Particulars of the AIF and service providers

4a	Domicile, legal form, legislation and country of incorporation	The Company is a non-cellular company limited by shares, incorporated in the Island of Guernsey under the Companies (Guernsey) Law 2008, as amended and domiciled in Guernsey.
4b	Process by which the AIF may change its investment strategy or investment policy, or both	<p>The investment strategy and policy may only be materially changed by resolution of the Shareholders.</p> <p>Any change in investment strategy or investment policy which does not amount to a material change to the investment policy may be made by the Board without shareholder approval.</p>
4c	Legal description of the contractual relationship entered into for the purpose of investment	<p>The Company's shares are admitted to the Official List of the UKLA and to trading on the main market of the London Stock Exchange. Accordingly, the Company's shares may be purchased and sold on the main market of the London Stock Exchange. The Board does not envisage that new shares will be issued by the Company to persons other than market makers in the Company's shares. Issuances of shares will be governed by English law. While the Company will typically have shareholder authority to buy back shares, shareholders do not have the right to have their shares purchased by the Company.</p> <p>The Company also offers investors a realisation opportunity whereby investors may elect to realise all or part of their holding of ordinary redeemable shares in the capital of the Company ("Ordinary Shares") after an initial three year period ending on 6 March 2016.</p>
4d	Identity of the Alternative Investment Manager	Phoenix Fund Services (UK) Ltd ('Phoenix'), a private limited company incorporated under the laws of England and Wales on 18 May 2007 serves as AIFM for the Company and has the responsibility for the investment and reinvestment of the assets of the Company subject to the overall supervision, control and policies of the board of directors of the Company. (See "The Manager").

4e	Identity of the Investment Manager	TwentyFour Asset Management LLP a limited liability partnership incorporated under the laws of England and Wales with registered number OC335015, serves as the Investment Manager of the Company and is authorised and regulated by the Financial Conduct Authority in the United Kingdom.
4f	Identity of AIF's auditor	PricewaterhouseCoopers CI LLP, a limited liability partnership incorporated in England and Wales with registered number OC309347, serves as the Company's auditor.
4g	Identity of AIF's depository	Northern Trust (Guernsey) Limited (the "Depository") acts as depository for the Company under the depository agreement between the Company, the Depository and the Manager dated 29 May 2014 to undertake various functions including safekeeping of assets and the monitoring of cashflows, changes in issued share capital and the valuation of assets. Northern Trust (Guernsey) Limited is a company incorporated under the laws of the Island of Guernsey, whose registered office is at PO Box 71, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3DA.
4h	Identity of AIF's administrator	Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust") is the Administrator under the administration agreement between the Company, Northern Trust and the Manager dated 29 May 2014 and among other things, acts as administrator and company secretary of the Company.
4i	Identity of AIF's registrar	Computershare Investor Services (Guernsey) Limited has been appointed as the Company's registrar to maintain the Company's register.

5. Investment Strategy, Objectives and Restrictions

5a	AIF's investment strategy and objectives, summary of the type of assets in which AIF may invest, investment techniques that may be employed on behalf of the Fund, investment restrictions, circumstances in which the AIF may use leverage, the types and sources of leverage permitted, restrictions on the use of leverage and collateral and asset reuse arrangements and the maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF	<p>The Company's investment objective is to generate attractive, risk adjusted returns, principally through income distributions.</p> <p>The Company's investment policy is to invest in a diversified portfolio of UK and European Asset Backed Securities.</p> <p>The portfolio will comply, as at each date an investment is made, with the following restrictions:</p> <ul style="list-style-type: none"> (i) at least 50 per cent. of the portfolio value will be invested in assets which have at least one investment grade credit rating from an internationally recognised rating agency, or in cash; and (ii) no more than 5 per cent. of the portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities. <p>Exceptions to these restrictions will be permitted in respect of reinvestments where the Investment Manager will be permitted to purchase new investments if the purchase would, at the time of reinvestment:</p> <ul style="list-style-type: none"> • not increase the proportion of the portfolio represented by non investment grade Asset Backed Securities (even where following the purchase less than 50 per cent. of the portfolio value will be invested in assets which have at least one investment grade credit rating from an internationally recognised rating agency or cash due to market movements and/or changes in credit ratings); and • the asset purchased would be compliant with the single Asset Backed Security/issuer exposure restriction above (even where
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		<p>following the purchase more than 5 per cent. of the portfolio value will be exposed to another single Asset Backed Security or issuer due to market movements).</p> <p>For the avoidance of doubt, reinvestments will make the portfolio, in aggregate, no less compliant with one or both of (i) and (ii), above.</p> <p>The Company will not employ gearing or derivatives for investment purposes. The Company may use borrowing for short-term liquidity purposes, which could be achieved through a loan facility or other types of collateralized borrowing instruments including repurchase transactions and stock lending. The Directors will restrict the borrowings of the Company to 10% of the Company's Net Asset Value ("NAV") at the time of drawdown.</p> <p>Uninvested cash or surplus capital or assets may be invested on a temporary basis in:</p> <ul style="list-style-type: none"> • cash or cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a "single A" or higher credit rating as determined by any internationally recognised rating agency selected by the Board; and • any "government and public securities" as defined for the purposes of the Financial Conduct Authority Handbook. <p>Efficient portfolio management techniques will be employed by the Company, such as currency hedging, interest rate hedging and the use of derivatives such as credit default swaps to mitigate market volatility.</p>
5b	Investment techniques that may be employed on behalf of the AIF	<p>The investment process adopted by the Investment Manager is structured on a 'top-down/bottom-up' basis. The 'top-down' part of the process is controlled by the investment committee, which meets formally on a monthly basis. The meeting follows a set agenda and reviews key inputs (such as economic fundamentals, market technicals, sentiment, valuations and risk/stress analysis) and this drives the macro strategy for each portfolio and produces outputs such as strategy revisions, asset allocations, sector weighting and bespoke research to be undertaken. The investment committee also meets weekly to conduct a top-down portfolio review and a macro strategy validation or revision as necessary.</p> <p>Detailed 'bottom-up' credit analysis is carried out on each transaction before it is considered as an investment. A potential investment will be allocated to one of the portfolio managers who will then conduct a detailed analysis of the transaction including analysis of relevant documentation including the deal prospectus, pre-sale reports, investment banking research, historical information/reporting, manager evaluation or site visits if applicable, deal modelling and any macro analysis that might be necessary to fully understand the prospective investment. Once the analysis is complete, the deal will be presented to the portfolio management team for further scrutiny and, if necessary, further analysis can be carried out. Once an investment is approved, the on going monitoring will normally be the responsibility of the portfolio manager that carried out the initial analysis and that individual will produce a monitoring template and will report on performance on an on-going basis.</p>

		The Investment Manager will seek to construct a portfolio with a mix of maturities, which is intended to provide a greater probability of consistent performance and is expected to assist in NAV progression, income generation and the ability to benefit from spread tightening. Asset Backed Securities are tradable in the secondary market, and could therefore be sold in order to provide liquidity.
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6. Issue and sale of units or shares

6a	Procedure and conditions for the issue and sale of units or shares	<p>The Company's Ordinary Shares are admitted to the Official List of the UKLA and to trading on the main market of the London Stock Exchange. Accordingly, the Company's Ordinary Shares may be purchased and sold on the main market of the London Stock Exchange.</p> <p>New shares may be issued only at a premium to net asset value, at the Board's discretion.</p> <p>While the Company will typically have shareholder authority to buy back shares, shareholders do not have the right to have their shares purchased by the Company. The Company also offers investors a realisation opportunity whereby investors may elect to realise all or part of their holding of Ordinary Shares after an initial three year period ending on 6 March 2016.</p>
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7. Fees, Charges and Expenses

7a	A description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors	<p>The investment management fee is payable to the Investment Manager monthly in arrears at a rate of 0.75% per annum of the lower of the Company's Net Asset Value, which is calculated weekly on each valuation day, or market capitalisation of each class of shares. Total investment management fees for the period (11 January 2013 – 31 March 2014) amounted to £1,832,776.</p> <p>The Investment Manager is also entitled to a commission of 0.15% of the aggregate gross offering proceeds plus any applicable VAT in relation to any issue of new Shares, following admission, in consideration of marketing services that it provides to the Company. During the period (11 January 2013 – 31 March 2014) the Investment Manager received £413,319 in commission.</p> <p>The Placing Agent pursuant to a placing agreement dated 18 February 2013 in connection with the initial public offering ("IPO") of shares in March 2013 received a fee of £2,175,000 and commission on all tap issues of £1,160,033.</p> <p>The Manager is entitled to receive an annual fee to be calculated as percentages of the Company's net assets (7 basis points on the first £49,999,999.99 of net assets, 5 basis points on net assets between £50 million and £100 million and 3 basis points on net assets in excess of £100 million), subject to a minimum annual fee of £20,000.</p> <p>The Administrator is entitled to receive an annual fee to be calculated as percentages of the Company's net assets (6 basis points on the first £99,999,999.99 of net assets, 5 basis points on net assets between £100 million and £200 million and 4 basis points on net assets in excess of £200 million), subject to a minimum of £75,000.</p> <p>In addition, an annual fee of £25,000 will be charged for corporate governance</p>
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		<p>and company secretarial services. Total administration and secretarial fees for the period (11 January 2013 – 31 March 2014) amounted to £162,565.</p> <p>Total custody fees and charges for the period (11 January 2013 – 31 March 2014) amounted to £26,938 of which £26,318.</p> <p>The fees payable to the Depositary by the Company will be (i) a minimum safe-keeping fee of £8,500 per annum, although the fee may be greater dependent on the level of transaction fees incurred during the year and is payable monthly in arrears and (ii) a Depositary fee calculated as percentages of the Company's net assets (1.75 basis points on the first £99,999,999.99 of net assets, 1.5 basis points on net assets between £100 million and £200 million and 1.25 basis points on net assets in excess of £200 million), subject to a minimum annual fee of £15,000 in the first year and £25,000 for each year thereafter.</p> <p>The Registrar's fee varies depending on the number of transactions made within particular year, and is subject to a minimum of £7,000 per annum.</p> <p>Additional fees payable by the Company include; legal fees, auditor fees, broker commissions, directors' fees, professional services fee and expected expenses.</p> <p>Shareholders do not bear any fees, charges and expenses directly, other than any fees, charges and expenses incurred as a consequence of acquiring, transferring, redeeming or otherwise selling Ordinary Shares.</p>
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8. Liquidity Risk Management

8a	Description of the AIF's liquidity risk management	<p>The AIFM maintains a liquidity management policy to monitor the liquidity risk of the Company. Shareholders have no right to redeem their Ordinary Shares from the Company. There is no guarantee that there will be a liquid market in the Ordinary Shares.</p> <p>The Company also offers investors a realisation opportunity whereby investors may elect to realise all or part of their holding of Ordinary Shares after an initial three year period ending on 6 March 2016.</p> <p>Further details regarding the risk management process and liquidity management shall be available from the AIFM, on request.</p>
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9. Valuation

9a	Publication of net asset value	<p>The unaudited Net Asset Value per Ordinary Share will be calculated as at the close of business on the last Business Day of every week and the last Business Day of every month by the Administrator and is expected to be announced through a Regulatory Information Service on the following Business Day.</p>
9b	Summary description of the AIF's valuation procedure	<p>The Net Asset Value per Ordinary Share will be calculated in accordance with IFRS and the AIC's Guide. Accordingly, NAV calculations will be prepared on the following basis:</p> <p>Asset Backed Securities that are traded or dealt on an active market or exchange are valued by reference to their quoted mid-market price as at the close of trading on the reporting date as management deem the mid-market price to be a reasonable approximation of an exit price.</p> <p>Asset Backed Securities which are not traded or dealt on active markets or</p>

		<p>exchanges are valued by reference to their price, as at the close of business on the reporting date as determined by an independent price vendor. If a price cannot be obtained from an independent price vendor, or where the Investment Manager determines that the provided price is not an accurate representation of the fair value of the Asset Backed Security, the Investment Manager will source prices at the close of business on the reporting date from third party broker/dealer quotes for the relevant security.</p> <p>In cases where no third party price is available (either from an independent price vendor or third party broker/dealer quotes), or where the Investment Manager determines that the provided price is not an accurate representation of the fair value of the Asset Backed Security, the Investment Manager will determine the valuation based on the Investment Manager's valuation policy. This may include the use of a comparable arm's length transaction, reference to other securities that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.</p> <p>The overall criterion for fair value is a price at which a round lot, being the minimum amount that may be sold of a particular security, of the securities involved would change hands in a transaction between a willing buyer and a willing seller, neither being under compulsion to buy or sell and both having the same knowledge of the relevant facts. Consistent with the above criterion, the following criteria will be considered when applicable:</p> <ul style="list-style-type: none"> • valuation of other securities by the same issuer for which market quotations are available; • reasons for the absence of market quotations; • the soundness of the security, its interest yield, the date of maturity, the credit standing of the issuer and current general interest rates; • recent sales prices and/or bid and ask quotations for the security; • value of similar securities of issuers in the same or similar industries for which market quotations are available; • economic outlook of the relevant industry; • an issuer's position in the relevant industry; • the financial statements of the issuer; and • the nature and duration of any restriction on disposition of the security. <p>The value of other assets held within the portfolio will be determined as follows:</p> <ul style="list-style-type: none"> • derivative instruments will be valued at fair value based on observable market inputs wherever possible; and • cash or near cash will be held at par. <p>The calculation of the Net Asset Value per Ordinary Share and if the Realisation takes place, the Realisation Shares, will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable.</p>
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10. Fair Treatment of Investors

10a	Brief description on how a fair treatment of investors is ensured	<p>The AIFM will treat all of the Company's investors fairly. The principles of treating investors fairly include, but are not limited to:</p> <ul style="list-style-type: none"> • acting in the best interests of the Company and of the Shareholders;
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		<ul style="list-style-type: none"> ensuring that the investment decisions taken for the account of the Company are executed in accordance with the Company's investment policy and objective and risk profile; ensuring that the interests of any group of Shareholders are not placed above the interests of any other group of Shareholders; ensuring that fair, correct and transparent pricing models and valuation systems are used for the Company; preventing undue costs being charged to the Company and Shareholders; taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of Shareholders; and recognising and dealing with complaints fairly. <p>The Company maintains and operates organisational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest.</p>
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11. Delegation

11a	Description of any portfolio management or risk management function delegated by the AIFM	The AIFM has delegated its portfolio management function to TwentyFour Asset Management LLP.
11b	Description of other AIFM management functions delegated by the AIFM	No AIFM management functions are delegated, other than those functions referred to in 11a above.
11c	Description of any safe-keeping function delegated by the depositary	None.
11d	Description of any conflict of interest that may arise pursuant to any of the delegations described above	None.

12. Additional Disclosure Requirements

12a	Most recent AIF Annual Report	The Annual Report and Audited Financial Statements have been published and can be found on the Company's website: www.twentyfourincomefund.com .
12b	Description of how the following periodic disclosure items will be disclosed to investors: (i) the percentage of the AIF's assets that are subject to special arrangements arising	<p>These items will be communicated to investors in the Company's Annual Report and Audited Financial Statements, which can be found on the Company's website: www.twentyfourincomefund.com.</p> <p>In relation to 11b(iv), the Company will, in addition, notify Shareholders of any such changes, rights or guarantees without undue delay by issuing an announcement via an RIS.</p>

	<p>from their illiquid nature;</p> <p>(ii) any new arrangements for managing the liquidity of the AIF;</p> <p>(iii) the current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks;</p> <p>(iv) any changes to the maximum level of leverage which the AIFM and the Investment Manager may employ on behalf of the Company as well as any right of the re-use of collateral or any guarantee granted under the leveraging arrangement; and</p> <p>(v) the total amount of leverage employed by the Company.</p>	
12c	Description on how the AIFM complies with requirements relating to professional liability risk	<p>Professional liability risk is covered by an insurance policy.</p> <p>Insurer: Markel Syndicate 1400 at Lloyd's and Antares Syndicate 1274 at Lloyd's</p> <p>Cover: £5,000,000</p> <p>Excess: £75,000</p> <p>Term: 1 year (1 Dec 2013 to 30 Nov 2014)</p>