

Interim results for 6 month period ending 30 September 2024

TwentyFour Income Fund (TFIF)



Bronwyn Curtis OBE
Chair
TwentyFour Income Fund

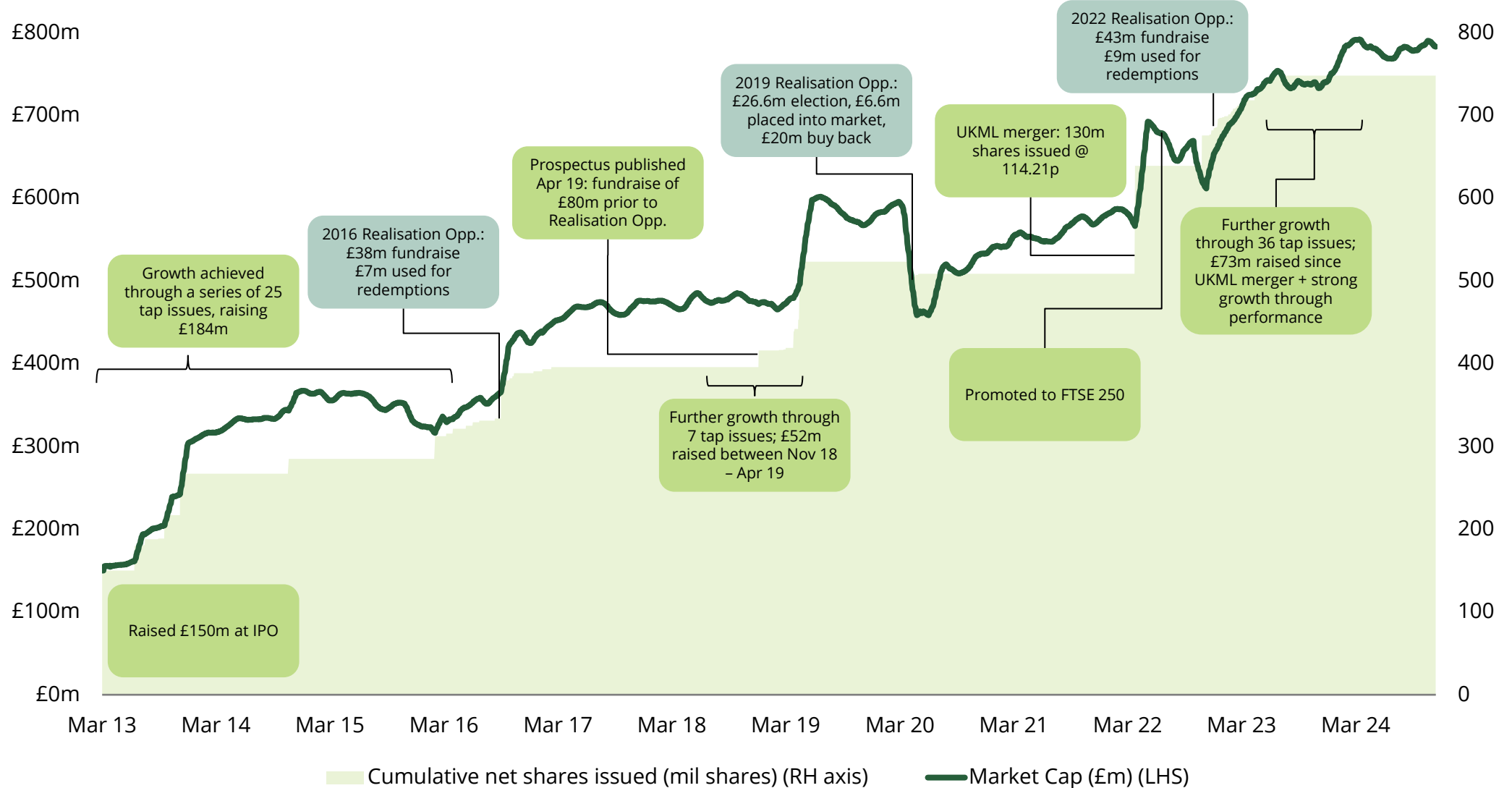


Aza Teeuwen
Portfolio Management
TwentyFour Asset Management

20 November 2024

TFIF's story since IPO

Issuance reduced in recent times but growth trajectory through performance remains

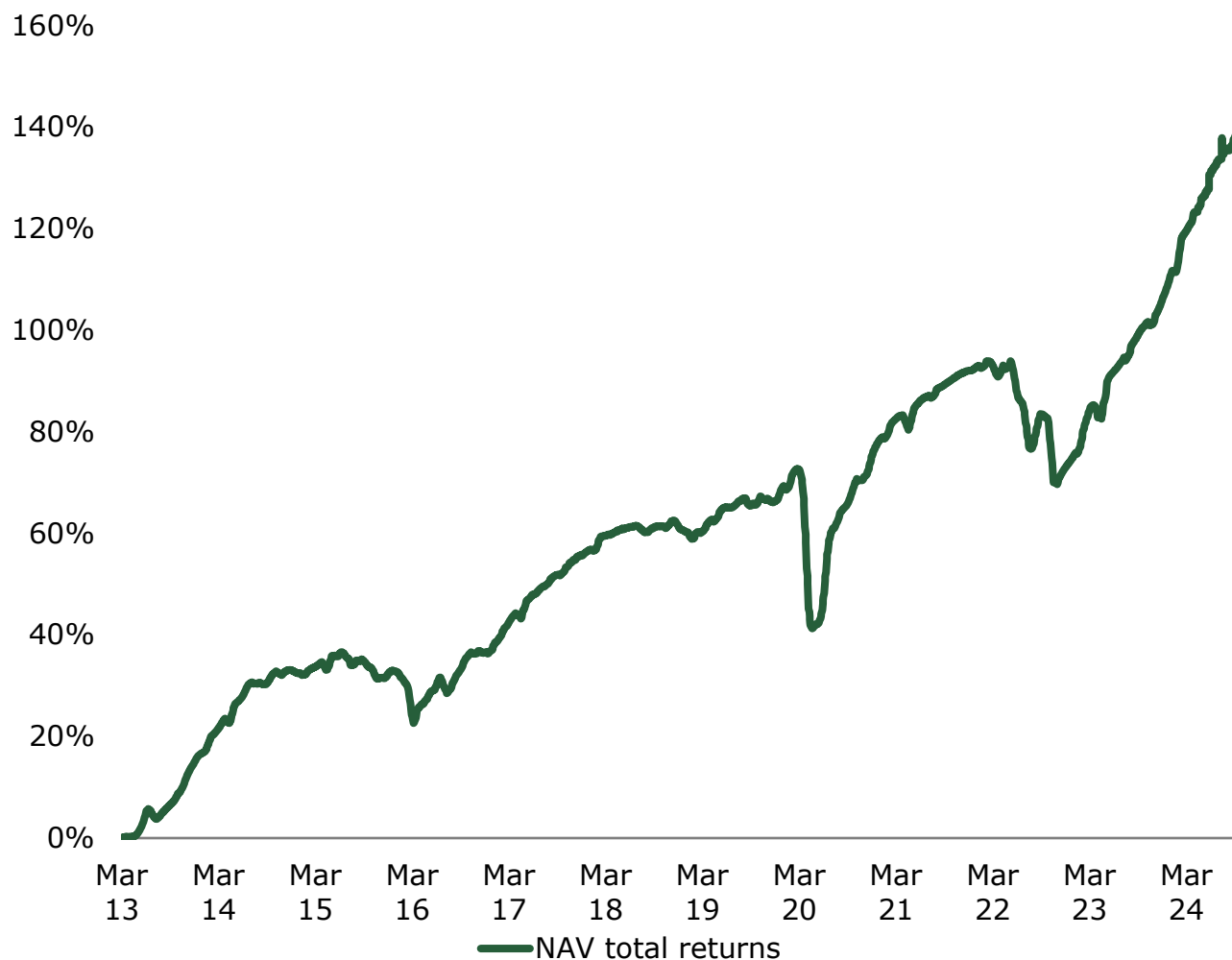


Past performance is not a reliable indicator of current or future performance.

Source: Refinitiv Eikon Datastream; 12 November 2024

TFIF NAV total returns versus target

Consistent track record against target



TFIF Financial Year	Target Total Return	Actual
2014	7-10%	24.0%
2015	7-10%	8.7%
2016	7-10%	-6.4%
2017	6-9%	14.8%
2018	6-9%	10.3%
2019	6-9%	1.6%
2020	6-9%	-11.9%
2021	6-9%	27.5%
2022	6-9%	5.5%
2023	6-9%	-3.6%
2024	6-9%	19.5%

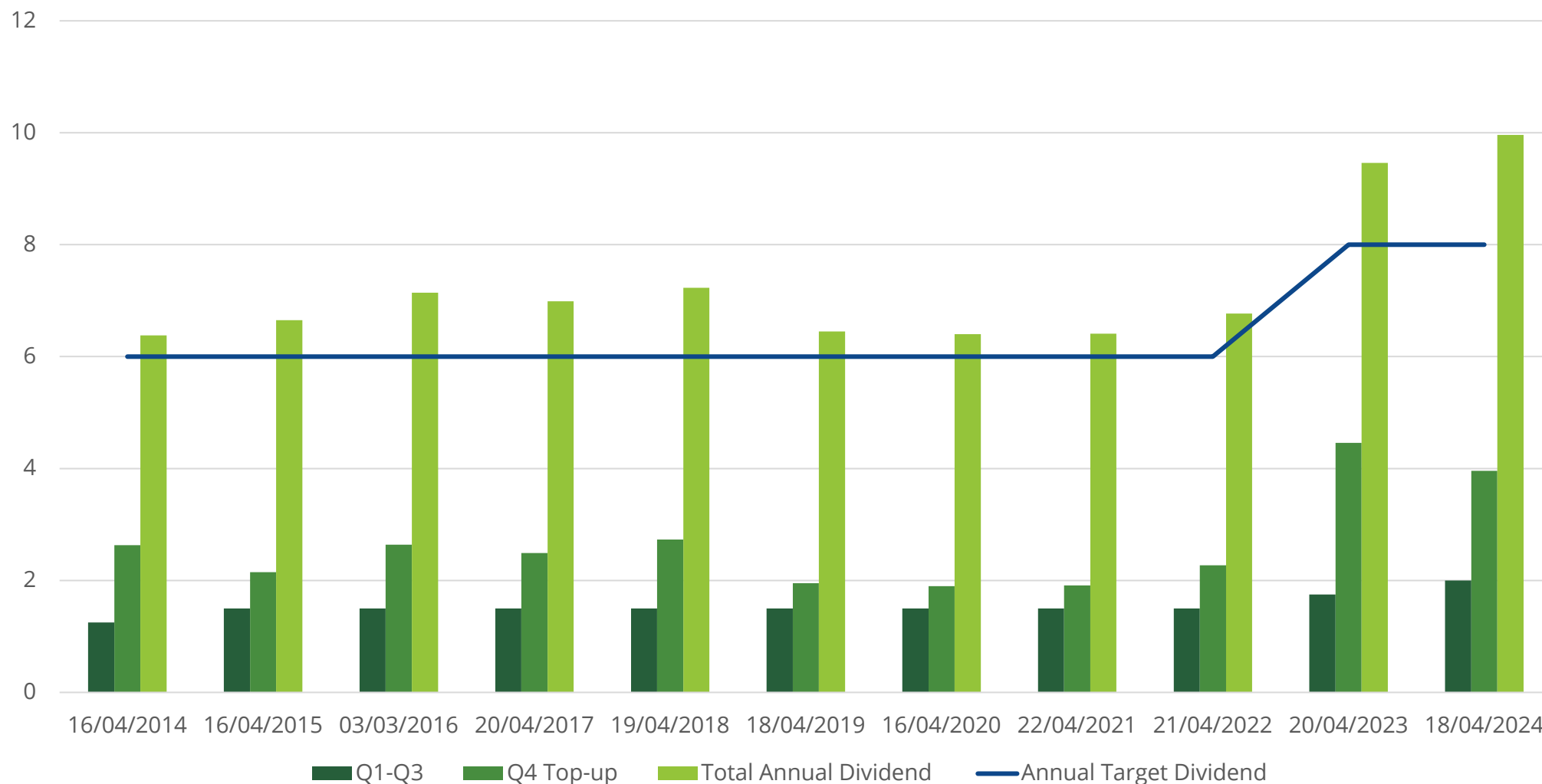
FY 24/25 Return (to 30-Sept-24): **7.4%**
 Total Return Since Inception (to 30-Sept-24): **139.2%**
 Total Return Since Inception (Ann.): **7.8%**

Past performance is not a reliable indicator of current or future performance. Performance is presented since inception on 6 March 2013, in GBP inclusive of net reinvested income and net of all fund expenses. TFIF follows a UK tax calendar whereby each year runs 1 April to 31 March. Performance data does not take into account any commissions and costs charged when shares are purchased and/or disposed of. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

Source: Refinitiv Eikon Datastream; 30 September 2024

Dividend per year versus targets

Dividend rate declared per ordinary share (Pence)



Past performance is not a reliable indicator of current or future performance. Dividend target does not represent a forecast of TFIF's profits, is subject to change, without notice and there is no guarantee that the targets will be met. Source: Company Data

* Dividend target increased to 6p on 08/10/14

** Dividend target increased to 7p on 21/09/22 and then further increased to 8p on 27/02/23

TwentyFour Income Fund information



Fund size	£829.9 million
Launch date	6 March 2013
Current mark-to-market yield	12.17%
Purchase yield	12.07%
Average credit rating	BB-
Interest rate duration	0.12yrs
Credit spread duration	2.14yrs
3 year volatility ¹	7.39%
Annualised performance since launch	7.82%
YTD performance	12.91%
Investments (no. of issuers)	161
Last 3 yearly realisation option	October 2022
1 year average premium/ discount	-3.29%

Past performance is not a reliable indicator of current or future performance. Fund allocations and characteristics are subject to change without notice. The yields shown are at hedged portfolio level and gross of fund expenses. (1) Annualised standard deviation of monthly returns over previous 3 year period. Performance is presented in GBP on a NAV mid-to-mid basis inclusive of net reinvested income and net of all fund expenses. Performance data does not take into account any commissions and costs charged when shares are issued/purchased and/or redeemed/disposed of, if applicable. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. See Important Information slides for further information on TwentyFour's credit rating and average credit rating methodology. Source: TwentyFour; 30 September 2024

Financial highlights over the last 6 months

**NAV
per ordinary share**

110.50p
(1.6% ↑)

FY 31 March 2024: 108.97p

**NAV return
per ordinary share**

7.05%

FY 31 March 2024: 18.10%

**Total
net assets**

£826.4m

FY 31 March 2024: £813.54m

**Portfolio return
in the six months**

8.37%

FY 31 March 2024: 16.57%

**Cumulative dividend
payment for the period
ended 30 Sep 2024**

4p

*in line with the target 8p per annum
and before payment of the final,
balancing dividend at the year end*

**Average discount
over the period**

4.27%

*significantly closer to NAV than the
wider investment company universe*

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Source: TwentyFour; 31 October 2024

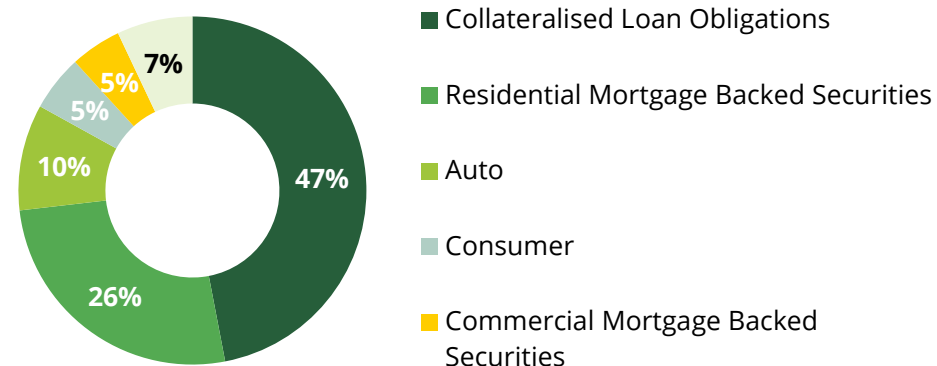
European ABS market overview

Size of market: **€538 bn*** (€112 bn issuance year to date)

Themes

- Post QE, banks are increasingly using ABS as a funding tool, which increases diversification
- CLO amortisations and refinancings have resulted in increased AAA demand from CLO investors, especially from Japanese investors
- Banks offer more mezzanine and junior bonds to investors to reduce capital requirements
- Liquidity has significantly improved following the UK Mini-budget sell off, which proved to be the biggest post-GFC test of liquidity

Collateral pool composition**

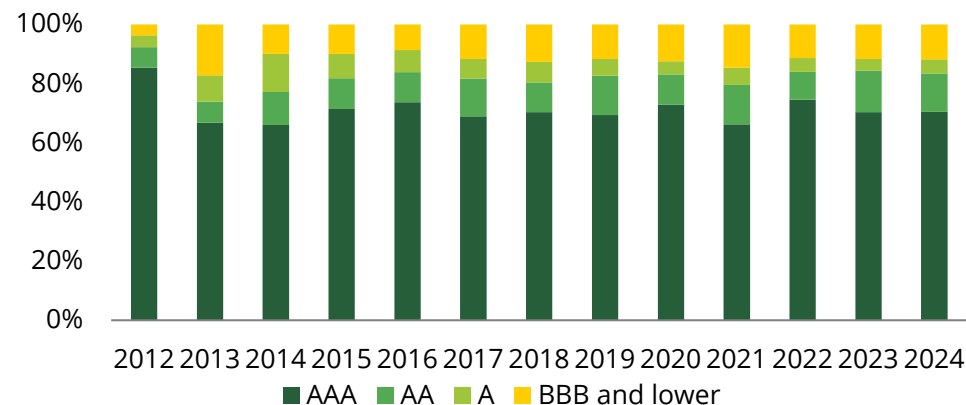


Issuer geography

- UK, Netherlands and Spain are the largest issuers, but other core Europe and periphery also issue ABS
- CLOs include loans from a diverse range of geographies



Issuance by rating*

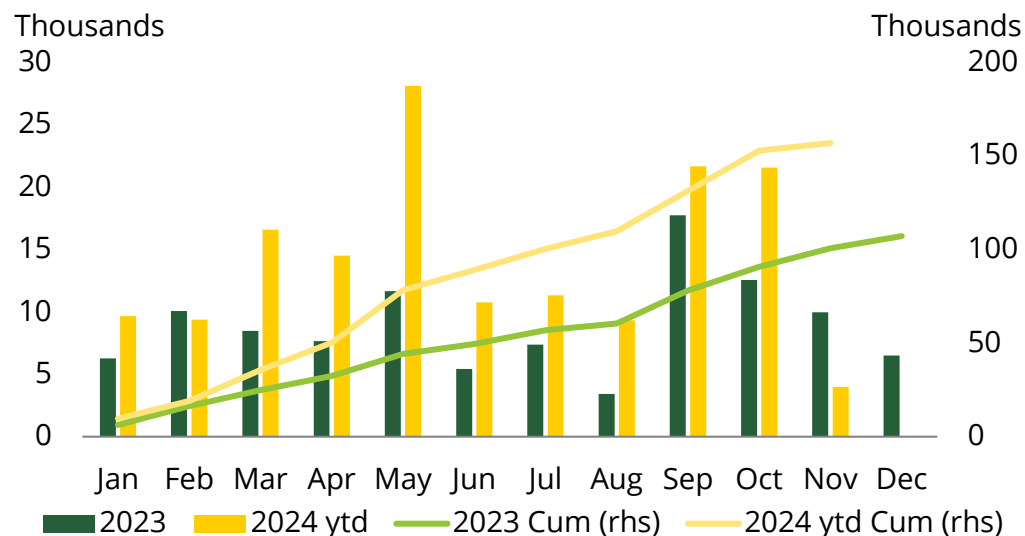


*Data source: JPM International ABS, CB Research, Morgan Stanley; at as 31 October 2024.
Other includes assets such as SME ABS, Leases, Credit Cards and Student Loans

A sea change in European ABS market growth

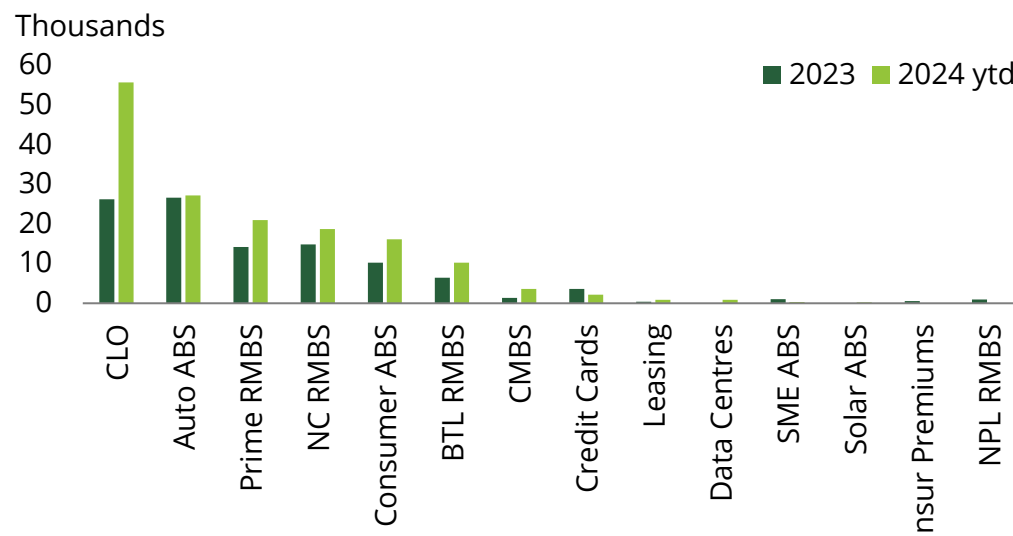
Issuance timeline, €m

Strong growth, set to record post material post GFC record



Issuance by sector

CLO issuance far exceeds 2023 already



Increased bank issuance post QE



UK RMBS and CLOs are over half of all primary



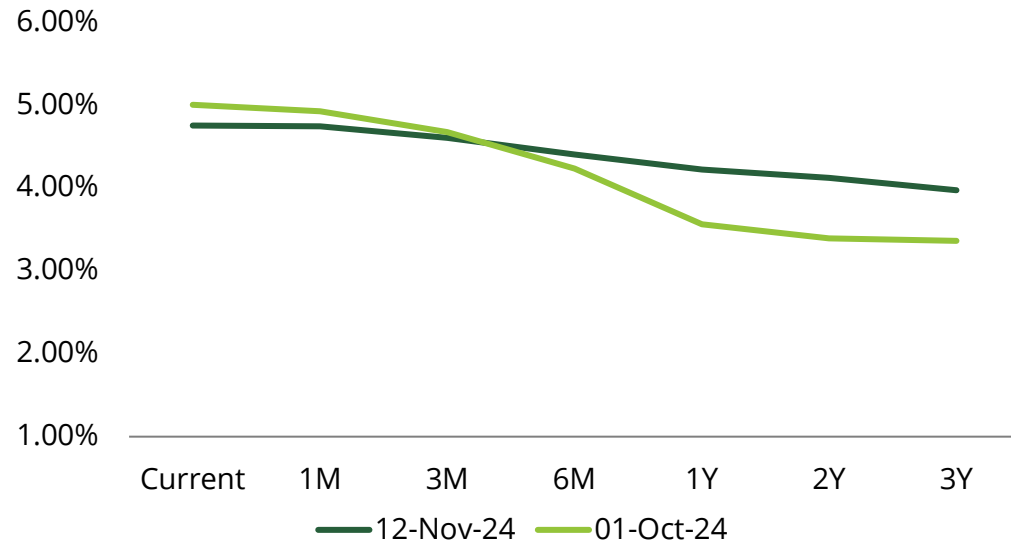
Elevated CLO volumes



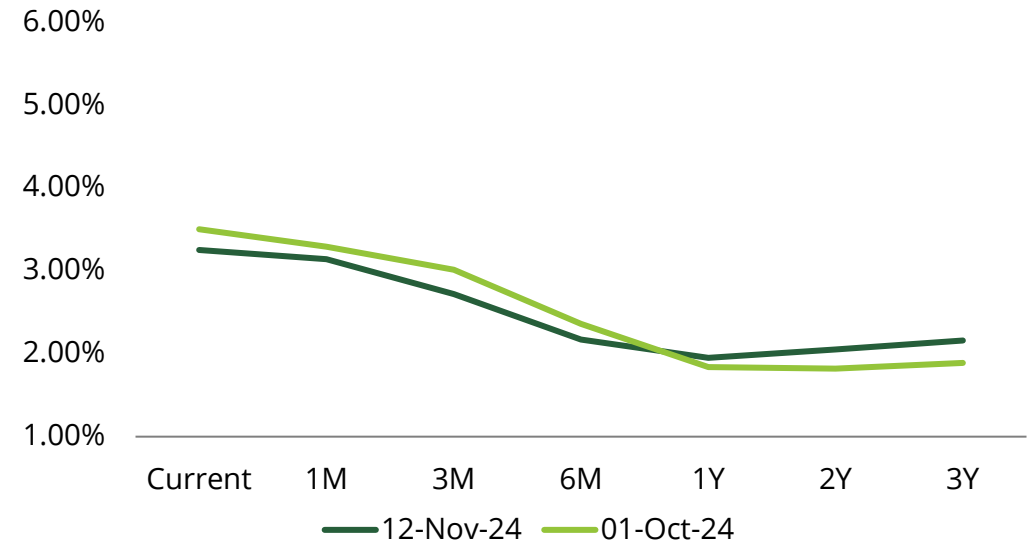
Strong book coverage

Diverging rate expectations in the UK vs. Euro area

BoE base rate expectations








ECB rate expectations










- Both the Trump victory in the US as well as the Labour Party's budget are considered **inflationary**
- The expectations of **further rate cuts** in the UK and US have **reduced**
- But the **ECB** is in a more difficult position due to the lack of growth in Germany
- The **risk of a hard landing** is lower than it was perceived to be
- The path to further rate cuts remains very **uncertain**

What does the cutting cycle mean for ABS?

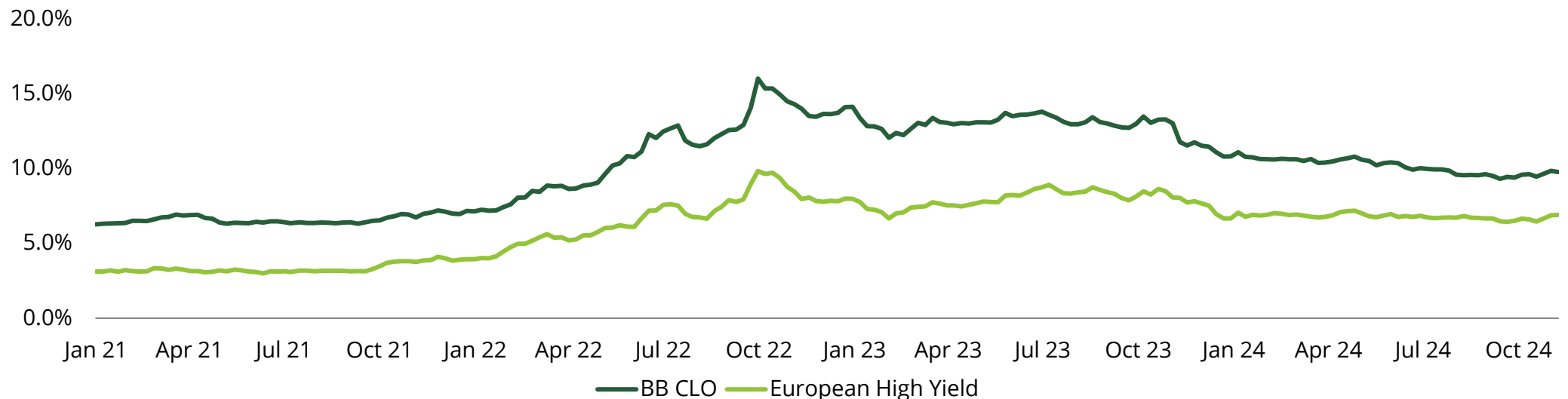


-  **Mortgage rates** have decreased from the highs, which has improved affordability
-  Longer term UK labour market pressure possible, but higher wage growth and house prices should persist in the medium term
-  Prime borrowers have shown more resilience to higher rates
-  Lower cost of borrowing should have a positive impact on **European** corporates and consumers
-  Higher for longer rates favour **Sterling floating rate bond** investors
-  In a **late cycle environment** investors typically look for **spread**, benefitting high spread products like ABS & CLOs

Relative value in European ABS & CLOs

Asset class	Average rating	Yield (£)	Maturity (years)	Year to date performance (local ccy)
HY Mezz RMBS	BB	8.0%	3.5	 12.7%
BB CLO	BB	9.7%	7.2	 14.8%
B CLO	B	12.8%	7.2	 22.5%
Euro HY Corporate	BB-	7.0%	3.7	 7.4%
GBP HY Corporate	BB-	8.1%	3.4	 9.4%
Euro Leverage Loans	B	8.8%	5.0	 7.7%
AT1/Coco	BB-	8.0%	Perp	 9.9%

Forward yield (GBP)*



Past performance is not a reliable indicator of current or future performance. Performance for the indices are all in local currencies unless stated otherwise. It is not possible to invest directly into an index and they will not be actively managed. Data source: ICE Indices, Bloomberg, CitiVelocity, Intex, TwentyFour; as at 31 October 2024; *Data as at 11 November 2024

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