



2024

TwentyFour Select Monthly Income Fund Limited

Annual Report and
Audited Financial
Statements

For the year ended 30 September 2024

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Corporate Information

Directors

Ashley Paxton (Chair)
Sharon Parr
Wendy Dorey
Richard Class (appointed 1 November 2023)

Registered Office

PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey, GY1 3QL

Portfolio Manager

TwentyFour Asset Management LLP
8th Floor, The Monument Building
11 Monument Street
London, EC3R 8AF

Alternative Investment Fund Manager

Waystone Management Company
(IE) Limited – Appointed 11 June 2024
35 Shelbourne Road
Ballsbridge
Dublin 4
Ireland, D04 A4EO

Apex Fundrock Limited – Resigned 11 June 2024
Hamilton Centre
Rodney Way
Chelmsford, CM1 3BY

Custodian, Principal Banker and Depositary

Northern Trust (Guernsey) Limited
PO Box 71
Trafalgar Court
Les Banques
St Peter Port
Guernsey, GY1 3DA

Administrator and Company Secretary

Northern Trust International Fund Administration
Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey, GY1 3QL

Receiving Agent

Computershare Investor Services PLC
The Pavillions
Bridgewater Road
Bristol, BS13 8AE

UK Legal Adviser to the Company

Eversheds Sutherland (International) LLP
One Wood Street
London, EC2V 7WS

Guernsey Legal Adviser to the Company

Carey Olsen (Guernsey) LLP
Carey House
Les Banques
St Peter Port
Guernsey, GY1 4BZ

Independent Auditor

PricewaterhouseCoopers CI LLP
PO Box 321
Royal Bank Place
Gategny Esplanade
St Peter Port
Guernsey, GY1 4ND

Registrar

Computershare Investor Services (Guernsey) Limited
1st Floor
Tudor House
Le Bordage
St Peter Port
Guernsey, GY1 1DB

Financial Adviser and Corporate Broker

Numis Securities Limited
45 Gresham Street
London, EC2V 7BF

Financial Highlights

Net Asset Value per share

As at
30 September 2024

83.70p

As at
30 September 2023

75.44p

Average premium

For year ended
30 September 2024

1.44%

For year ended
30 September 2023

0.03%

Share price

As at 30 September 2024 As at 30 September 2023

85.30p

75.60p

Shares in issue (excluding treasury shares)

As at 30 September 2024 As at 30 September 2023

**262.57
million**

**240.82
million**

Total Net Assets

As at 30 September 2024 As at 30 September 2023

**£219.77
million**

**£181.69
million**

Portfolio performance

For year ended
30 September 2024

19.02%

For year ended
30 September 2023

12.26%

NAV total return per share

For year ended
30 September 2024

22.56%

For year ended
30 September 2023

17.54%

Number of positions in portfolio

As at
30 September 2024

148

As at
30 September 2023

161

Dividends declared

For year ended
30 September 2024

7.38p

For year ended
30 September 2023

7.37p

Definitions of the above measures can be found in the Glossary of Terms and Alternative Performance Measures on page 84.

As at 4 December 2024, being the latest available published NAV, the premium had moved to 1.49%. The estimated NAV per share and share price stood at 83.75p and 85.00p respectively.

Results are discussed further in the Directors' Report on pages 25 and 26.

Ongoing Charges

Ongoing charges have been calculated in accordance with the Association of Investment Companies (the "AIC") recommended methodology. The ongoing charges for the year ended 30 September 2024 were 1.21% (30 September 2023: 1.26%) on an annualised basis.

Summary Information

The Company

TwentyFour Select Monthly Income Fund Limited (the "Company") was incorporated with limited liability in Guernsey, as a closed-ended investment company on 12 February 2014. The Company's shares were listed with a Premium Listing on the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange ("LSE") on 10 March 2014.

Investment Objective and Investment Policy

The Company's investment objective is to generate attractive risk adjusted returns, principally through income distributions.

The Company's investment policy is to invest in a diversified portfolio of credit securities.

The portfolio can be comprised of any category of credit security, including, without prejudice to the generality of the foregoing, bank capital, corporate bonds, high yield bonds, leveraged loans, payment-in-kind notes and asset-backed securities and can include securities of a less liquid nature. The portfolio is dynamically managed by TwentyFour Asset Management LLP ("TwentyFour" or the "Portfolio Manager") and, in particular, is not subject to any geographical restrictions.

The Company maintains a portfolio diversified by issuer and comprises at least 50 credit securities. No more than 5% of the portfolio value will be invested in any single credit security or issuer of credit securities, tested at the time of making or adding to an investment in the relevant credit security. The Company may hold up to 10% in cash but works on the basis of an operational limit of 5% and any uninvested cash, surplus capital or assets may be invested on a temporary basis in:

- 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 which may or may not be registered in the EU; and
- any "government and public securities" as defined for the purposes of the Financial Conduct Authority (the "FCA") Rules.

Efficient portfolio management techniques are employed by the Company, and may include currency and interest rate hedging and the use of other derivatives to manage key risks such as foreign exchange movements, interest rate sensitivity and to mitigate market volatility. The Company's currency hedging policy will only be used for efficient portfolio management.

The Company does not employ gearing or derivatives for investment purposes. The Company may use borrowing for short-term liquidity purposes, which could be achieved through arranging a loan facility or other types of collateralised borrowing instruments including repurchase transactions and stock lending. The articles of incorporation of the Company (the "Articles") restrict the borrowings of the Company to 10% of the Company's Net Asset Value ("NAV") at the time of drawdown. No arrangements for borrowing are currently in place.

At launch, the Company had a target net total return on the original issue price of between 8% and 10% per annum. This comprised a target dividend payment of 6p per share per annum and a target capital return of 2p-4p per annum, both based on the original issue amount of 100p. Whilst there is no guarantee that this can or will be achieved, the 6p per share Dividend Target has consistently been met since the Fund's launch in 2014. Refer to note 19 to the Financial Statements for details of the Company's dividend policy.

In accordance with the Listing Rules, the Company can only make a material change to its investment policy with the approval of its Shareholders by Ordinary Resolution.

Shareholder Information

The Alternative Investment Fund Manager (the "AIFM") is responsible for calculating the NAV per share of the Company. From 11 June 2024, Waystone Management Company (IE) Limited ("Waystone"), replaced Apex Fundrock Limited as the company's AIFM. Whilst the AIFM has delegated this responsibility to Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator"), they still perform an oversight function.

The unaudited NAV per Ordinary Share is calculated as at the close of business on every Wednesday that is also a business day, as well as the last business day of every month and announced by the Regulatory News Service the following business day.

Chair's Statement

For the year ended 30 September 2024
Ashley Paxton



In my capacity as Chair to TwentyFour Select Monthly Income Fund, I am delighted to present my report on the Company's progress for the year ended 30 September 2024. The Company performed strongly with a NAV Total Return per Share for the period of 22.56% (including a dividend per share of 7.38 pence, comfortably exceeding the target 6 pence per share).

Market Overview

Writing this statement has made me reflect on the evolution of central bank communication over the past 30 years. The first statement by the Federal Reserve's Federal Open Market Committee ("FOMC") was released on the 6 July 1995, in the era of Alan Greenspan. It was three sentences long, and in it Chair Greenspan detailed how the FOMC, as of earlier that day, had "decided to decrease slightly the degree of pressure on bank reserve positions", with the slightly better inflation backdrop in 1995 allowing for a 25bps cut in the Federal Funds rate to 5.75%. In today's world of forward guidance, dot plots and press conferences, it's difficult to imagine not hearing from at least one member of your favourite central bank on an almost daily basis.

The last few years have been an interesting exercise in central bank communication. At the end of 2021, the Federal Reserve (the "Fed") was still buying bonds in its quantitative easing programme with rates at 0-0.25%, whilst inflation was running at 7%, and rates in Europe were still negative. Then the "transitory" narrative quickly flipped to "whatever it takes" on inflation, with Jerome Powell (Chair of the Fed) referencing Paul Volker (former Chair) in his Jackson Hole speech that year as the central banks embarked on the sharpest rate hiking cycle we have seen in 40 years.

The progress on inflation since the summer of 2022 has been significant, and we came into the 2023/2024 financial year for the Company with a number of positive tailwinds; declining inflation, strong labour markets, and strong corporate and consumer balance sheets. Whilst the probability of a recession still remained elevated given restrictive monetary policy, the transmission mechanism of this was softened by Covid-era savings buffers (that were declining but still elevated relative to history), corporates that had largely termed out their debt in 2021, and a housing market that remained unusually resilient. This set the stage for the "dovish pivot" at the end of 2023, where we heard Chair Powell first discuss the likely direction of lower rates. Europe and the UK were a bit behind on reducing inflation but caught up through the first months of 2024, eventually leading to the first rate cut of 25bps by the European Central Bank ("ECB") in June 2024.

As the financial year progressed and inflation continued to remain subdued whilst growth and labour data remained relatively resilient, credit was firing on all cylinders. High all-in yields and a solid fundamental and technical backdrop for corporates have driven tighter spreads and strong total returns. Even an early August volatility spike, off the back of a hawkish Bank of Japan ("BoJ") move and a weaker than expected nonfarm payroll print, lasted all of a few days, with the market buoyed by resilient data and dovish central banks.

Share Activity

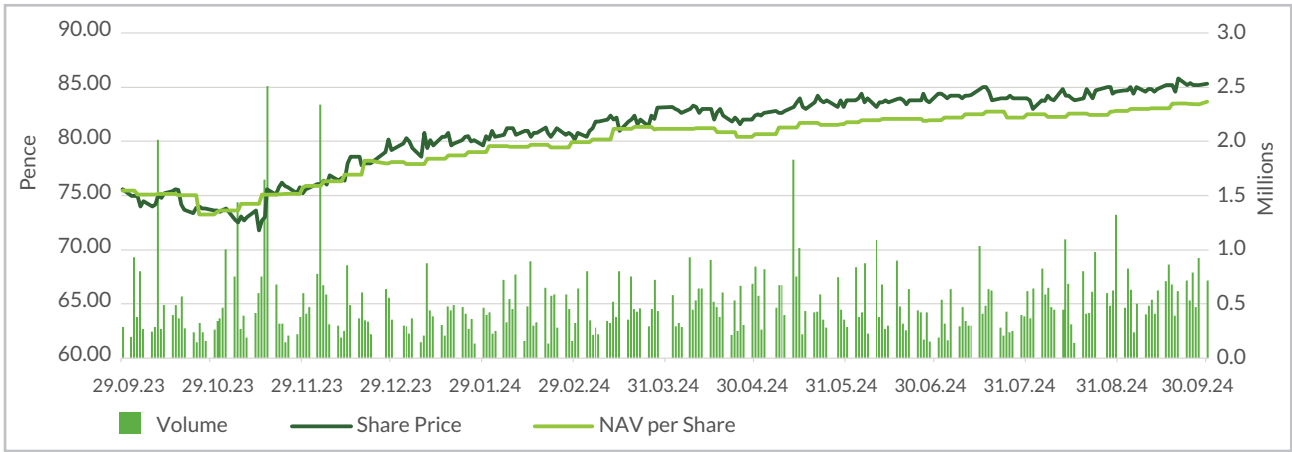
In contrast to the wider investment company market, which saw many companies on the Main Market of the LSE trading at large discounts, the Company traded at a premium to NAV for the majority of the year, at an average 1.44% premium (year ended 30 September 2023: 0.03%).

Due to the availability of accretive assets for purchase, and because of shareholder demand, the Company was able to issue 18,310,813 new shares during the year, at a premium of 2% (prior to issue costs) to the NAV at issue date.

Additionally, the Company issued all of its Treasury shares totalling 3,939,187 shares during the period – comprising 3,439,187 Treasury shares held at 30 September 2023 and a further 500,000 shares taken into Treasury in October 2023. All Treasury shares have been accretive to the Company having been reissued at a premium to their purchase price and to NAV at the time of reissue. There are no remaining shares held in treasury.

This additional share activity has been an excellent result for the Company and its shareholders, and led to it being one of the most prolific issuers in the investment company market during the period.

A total of 1,996,180 shares were submitted for tender in the four quarterly tender offers during the year (1,039,168 for the quarter ended 30 September 2023, 532,836 for the quarter ended 31 December 2023, 155,140 for the quarter ended 31 March 2024, and 269,036 for the quarter ended 30 June 2024). Of the shares tendered 1,496,180 shares were subsequently successfully placed or purchased by the Company's Financial Adviser and Corporate Broker, Numis Securities Limited ("Deutsche Numis"), while 500,000 shares were repurchased by the Company as Treasury shares noted above and subsequently resold. Post year end, a further 404,301 shares were initially purchased by the Corporate Broker



and subsequently placed with investors in October 2024 in respect of the 30 September 2024 tender.

It is pleasing to note that the Company's shareholder base continues to diversify with an increase in retail investors investing via platforms.

Dividend Policy

On formation, the Company's objective was to generate a return of 8-10% with a 0.5 pence per share dividend payment each month, with the Board's intention that the balance of excess income (as defined in note 19 to the Financial Statements) for the financial year would be paid within the final monthly dividend.

During the period, the Directors gave careful consideration to the Company's projected income for the year, their assessment of risks inherent in achieving its target dividend payment of 6 pence per share per annum, against the desire to distribute the excess income more evenly to shareholders over the year. Based on this analysis, the Directors estimated that dividends payable in respect of the period were likely to be in excess of 6 pence per share, and consequently decided it was appropriate to pay an additional 0.25 pence per share, in addition to the regular monthly targeted dividend of 0.5 pence per share, for the periods ended 31 March 2024 and 30 June 2024.

Additionally, the final dividend declared for September 2024 was 1.38 pence per share which gave a total annual dividend declared for the financial year of 7.38 pence per share. The Board believes this is an excellent result for a period which

also saw significant capital growth for the Company. The Board and the Portfolio Manager are focused on the sustainability of the Company's dividend policy, regularly monitoring and reviewing the position.

A Committee of the Board meets each month to approve the monthly payment of 0.5 pence per share (and any additional dividend amounts where appropriate). The Portfolio Manager is confident that due to the ongoing yields generally available in the market, the current monthly Dividend Target of 0.5 pence per share remains achievable.

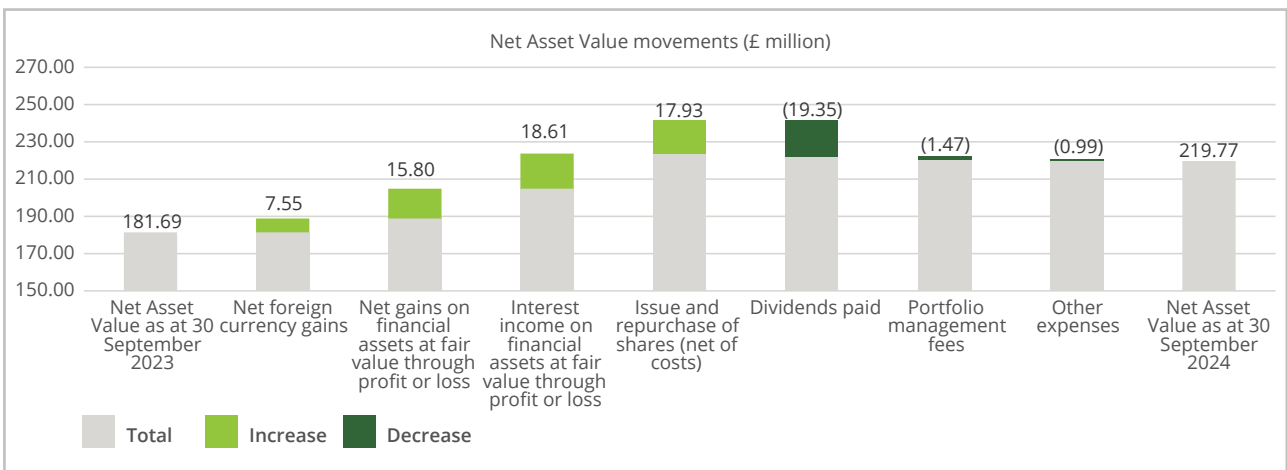
Whilst the approach of declaring excess income for the year at the October dividend meeting is entirely consistent with previous years, the Directors are cognisant that the amounts declared in October 2023 and October 2024 were notably higher than in recent years. In line with this reporting period, the Board and Portfolio Manager will continue to consider whether the Company may temporarily spread the excess income more evenly during the ensuing year.

Return

During the reporting period, the NAV per share saw an increase from 75.44 pence to 83.70 pence, a rise of 10.95%, with a NAV Total Return per share for the period 22.56%. This, together with the favourable net increase in share capital noted above, meant the Company saw a very strong increase in net assets from £181.69m to £219.8m over the year.

Outlook

We arrived at the end of the Company's financial year end with a macro backdrop that remains supportive. There are of



Chair's Statement (continued)

course risks on the horizon. Recent data (post year end) in the US suggests the Fed might not be able to cut as much as the market was pricing at the end of September and the resurgence in European growth this year has also slowed. The re-election of Donald Trump as US President brings with it risks both on the growth and inflation side of the economic landscape, and is possibly one of the key macro risks of 2025. The market will be attuned to any policy announcements made by the President-Elect, with the main focus related to tariffs, immigration and tax policy. The Portfolio Manager expects slightly higher inflation in the US from a Trump red sweep, although the Fed will likely largely look through any tariff related price increases. The potential growth impact in Europe will likely be muted by solid underlying drivers outside of Germany (record low unemployment rates, elevated wage growth and low inflation driving real personal income growth, strong corporate/bank/consumer balance sheets). German elections in the new year will also be closely followed, with upside potential from a removal of the "debt-brake" and a German government that starts to more meaningfully allocate the significant amount of "dry-powder" the country's strong balance sheet allows them. Lastly, geopolitics will continue to bubble under the surface given the recent escalation in the Russia/Ukraine war and the ongoing tensions in the Middle East.

Ultimately, we are confident that focusing on rigorous bottom-up analysis on a portfolio of assets that are resilient to both a recession and a 'higher for longer' interest rate environment puts the Company in good stead for the future. The mark to market yield on offer is significantly higher than the levels seen in 2021 yet the average rating of the fund has increased from being on the cusp of B+ to BB. Higher yields at better credit quality provides strong downside protection whilst still offering the differentiated credit spread premium the Company has historically focused on. We are confident however that focusing on rigorous bottom-up analysis on a portfolio of assets that are resilient to both a recession and a 'higher for longer' interest rate environment puts the Company in good stead for the future.

Environmental, Social and Governance Approach

The Board recognises the importance of Environmental, Social and Governance ("ESG") factors in both investment management and across society in general, and has worked closely with the Portfolio Manager in relation to all aspects relevant to the Company's portfolio. Throughout the year, the Portfolio Manager has continued to work extensively on engaging with issuers to improve disclosures, and has also extended TwentyFour's

proprietary ESG scoring model to cover asset-backed securities ("ABS") specific metrics, meaning ESG data is factored in to every level of the investment process. The Board and the Portfolio Manager believe this proprietary ESG work is unique in the European ABS space. TFAM strongly believes that ESG factors have a material impact on the creditworthiness of the underlying assets.

Annual General Meeting

The Company's 2024 Annual General Meeting ("AGM") was held at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands on 8 August 2024 at 12pm, with all resolutions passed.

Other

As signposted in my report last year, now that all Board members have fully settled and embedded into their respective roles, the Board has recently appointed an independent consultant Stogdale St James Limited to perform an independent board evaluation. The review is currently being performed and the Board expects Stogdale St James Limited to formally present its findings at the Board's March 2025 board meeting.

The growth of platform directed shareholders in the Company means that they constitute a significant part of our share register and the Board continues to consider its options to enhance engagement across the shareholder register. During the period, we have been pleased to work with the Portfolio Manager to launch a standalone 'microsite' for the Company, giving retail investors access to a customised website with key content and Fund information. We also continue to review our investor engagement strategy and look forward to engaging further with the wider shareholder base.

As Portfolio Manager, TwentyFour continues to provide excellent thought leadership through various industry commentary, blogs, podcasts and webinar presentations. The Board continues to engage closely with the Portfolio Manager and the key advisers to the Company, particularly via the Company's annual Strategy Day held on 25 November 2024 in London.

On behalf of the Board, I would like to thank all Shareholders for their continued support.

Ashley Paxton
Chair
11 December 2024

Portfolio Manager's Report

For the year ended 30 September 2024

In our capacity as Portfolio Manager to the TwentyFour Select Monthly Income Fund Limited, we are pleased to present our report on the Company's progress for the financial year ended 30 September 2024.

Market Environment

The first quarter of the financial year for the Company started with risk markets on the back foot, with the government bond sell off in September 2023 driven by budget deficit concerns, inflation numbers and the prospects of higher for longer rates after the FOMC had base rates in their dot plots at 5.1% for 2024 in their September 2023 meeting. Towards the end of October 2023 10yr US treasury notes ("USTs") breached the 5% barrier for the first time since 2007 and credit spreads were not able to absorb the move in the risk-free rate, driving negative returns for the high yield and CoCo indices. In addition, data in Europe remained weak, with Q3 Euro Area gross domestic product growth printing at -0.1% on the last day of October.

All of this was about to change however, with the sentiment around inflation shifting quickly off the back of a series of weaker than expected Consumer Price Index ("CPI") prints in the US and central bank talk that was gradually turning more dovish. November 2023 saw a strong rally across risk and rates markets, with the +5.0% return for the global aggregate index, the largest since December 2008. The positive risk sentiment continued into December 2023 as the Fed formalised their "dovish pivot" in an updated set of dot plots that saw 75bps of cuts in 2024. With greater market confidence of inflation moving more sustainably towards the central bank targets, the likelihood of another hike receded. The 5.0% return in the global aggregate bond index in November 2023 was followed by a +4.2% return in December. Credit also performed strongly, although initially lagged the move in rates. For example, the CoCo index returned 4.4% and 3.8% over the last two months of the calendar year.

This set the market up for a positive risk backdrop as we came into 2024. Data continued to surprise to the upside, showing the resilience of the US economy and a small uptick on growth in Europe. The positive mood on growth was dented somewhat by inflation in the US that printed well above expectations for the first three months of the year. With the market confident that a soft landing was looking likely, credit spreads rallied through the quarter, driving solid credit returns. We also saw the first cut from

a G10 central bank, with the Swiss National Bank cutting by 25bps to 1.5%, whilst conversely the Bank of Japan ("BoJ") finally left negative interest rate policy in March.

After the inflation bullishness at the end of 2023, the higher US CPI prints at the start of 2024 began to settle into markets. The seven cuts that were priced into the short end of government bond curves continued to be priced out whilst oil prices, continued to rise, given the geopolitical tensions in the Middle East. Jerome Powell came to the rescue again, allaying market concerns that the market could see another hike, whilst the CPI data post March 2024 started to improve.

The European Central Bank ("ECB") was the first of the major western central banks to cut, with a 25bps move to 3.75% in June, whilst confidence around the first US cut continued to build after the weakest month-on-month core CPI print since August 2021. Global politics continued to remain a theme, with the French President Macron surprising markets with a snap election leading to a sharp widening in the spread of OATs to Bunds and significant underperformance of the CAC 40, which saw its worst quarterly performance since the sovereign debt crisis in 2011. The Company's portfolio continued to perform well through the third quarter of the period, particularly through its exposure to those sectors that were outperforming, including ABS and additional tier 1 bonds ("AT1s").

The final quarter of the financial year began strongly as risk markets rallied through the first half of July 2024. Disappointing results from the 'Magnificent 7' (the group of high-performing and influential companies in the US stock market) tempered some of the tech optimism towards the back end of the month, whilst the labour market in the US continued to weaken. The jobs print at the beginning of August 2024 a few days after a hawkish pivot from the Bank of Japan was the catalyst for a highly volatile week, where recession fears amplified the unwind of the yen carry trade. Japan's Topix was down 12.2% on the first trading day after the unemployment rate release from the US (which came in at 4.3% vs 4.1% expected), driving global equity markets to their weakest day since September 2022.

The market volatility only lasted a few days, and throughout August 2024 the data in the US remained resilient (initial jobless claims in particular helping the sentiment), before Chair Powell's 23 August Jackson Hole

Portfolio Manager's Report (continued)

speech laid clear that “the time has come” to cut rates. More dovish comments from the BoJ after the hawkish words the month prior helped calm markets, whilst September saw large stimulus announcements from China.

Ultimately, the volatility proved to be a blip, and the supportive fundamental and technical backdrop soon took hold. September is usually a weak month for markets, but in 2024 they bucked the trend, and the final quarter of the year saw strong returns across markets. The CoCo index, for example, generated returns of almost 5%, outpacing the 3.5% return in the European high yield market, rounding off a good year for the sectors the Company invests in.

Portfolio Performance

The Company returned 22.56% over the financial year with all sectors generating double digit returns. The portfolio benefited in particular from its overweight to Collateralised Loan Obligations (“CLOs”) and subordinated financials (additional tier 1 bonds and restricted tier 1 bonds), with the buckets returning 25.90%, 24.22% and 25.28% respectively. Together these sectors accounted for approximately 80% of the Company's portfolio at the end of the period. Several other sectors also saw strong performance, including European high yield (17.69%), non-financial investment grade (17.03%) and emerging markets (21.66%), although the latter two sectors are small exposures for the portfolio, as is US high yield, which lagged other sectors returning 12.67% on a gross basis.

All sectors beat their respective indices with the exception of US high yield, (with a negative relative return of -299bps, though the sector only represented 1.84% of the Company at the end of the period), with AT1s and European high yield in particular posting strong relative returns outperforming their indices by 443bps and 504bps, in gross performance and local terms, respectively.

Portfolio Strategy

We take a “bottom-up” approach to credit investing for the Company, finding value in the markets through rigorous fundamental analysis and a cross-sector approach to relative value. The Company remained overweight in two sectors in particular, namely subordinated financials and ABS. Whilst analysing names on a bond by bond basis, these sectors in particular offer compelling “top-down” risk reward too.

ABS, particularly CLOs, have benefitted from elevated central bank base rates through their floating rate nature, in addition to the more benign default environment. Absolute spread levels for the CLO sector remain compelling relative to the underlying high yield space, and the substantial carry available continues to drive strong returns. In addition, the financials space continues to offer one of the more compelling risk reward opportunities in global credit. The European bank sector in particular has gone from strength to strength over the past 10 years, with the balance sheet improvements of the post Global Financial Crisis regulatory environment combining with the improving environment for profitability over the past few years (as Europe no longer has negative rates). This drove the strongest credit upgrade to credit downgrade ratios in global fixed income last year, even with the volatility surrounding Credit Suisse. Whilst the AT1 sector had lagged the high yield space in the previous financial year, the Company saw strong outperformance of the sector this financial year.

Portfolio & Market Outlook

The market backdrop remains supportive for risk. Fundamentals within credit are solid, and are expected to remain so. Defaults within the high yield space, whilst higher than longer term averages, are still relatively low. The Company's main sector exposures continue to offer attractive relative value and will remain core positions as we move into the new year.

The focus for the market remains one of understanding the reaction function of the central banks, who remain highly data dependent but nonetheless restrictive. Ultimately, we expect a gradual reduction in base rates in the coming years to a level that is more consistent with a neutral stance. Recent data has continued to point towards a soft landing in the US and growth in Europe, and whilst having slowed slightly in the last two months, remains stronger than 2023. Elevated wage growth and falling inflation continue to drive strong real income growth, which we believe will help maintain robust consumer activity. On the corporate side, issuance bounced back materially in 2024, helping reduce the “maturity wall” of corporate credit as term debt structures out, whilst profitability and leverage metrics remain healthy versus longer term averages.

We expect these fundamental drivers to remain supportive through to 2025, coupled with a strong technical backdrop. Flows into credit markets have been persistent whilst cash balances remain elevated, helping drive credit spreads tighter. Whilst credit spreads on an outright basis remain relatively tight versus longer term averages, this has to be compared to high all-in yields. Given the macro backdrop, we don't expect this to change, and any volatility in the credit space will be an opportunity to lock in attractive risk reward trades for the longer term.

The key risk for 2025 most likely lies in politics, both domestic and international. The market will be keenly focused on President-Elect Trump's potential policy plans, with the main issues revolving around immigration, tax and tariffs. The Portfolio Managers currently expect slightly higher inflation in the US given the Trump red sweep, although think the Federal Reserve will largely look through any tariff related inflation pressures, and believe that the President-Elect will want to balance lower inflation and strong growth as much as possible. Globally, geopolitics remains a key risk, with tensions in Russia/ Ukraine increasing in recent weeks, although the new US leader has highlighted how he expects to potentially reduce funding and de-escalate the war. The war between Israel and Hamas, whilst having limited impact on a global macro basis, has shown some progress towards a ceasefire in recent weeks.

Ultimately, we are confident that focusing on rigorous bottom-up analysis on a portfolio of assets that are resilient to both a recession and a 'higher for longer' interest rate environment puts the Company in good stead for the future. The mark to market yield on offer is significantly higher than the levels seen in 2021 yet the average rating of the fund has increased from being on the cusp of B+ to BB. Higher yields at better credit quality provides strong downside protection whilst still offering the differentiated credit spread premium the Company has historically focused on.

Environment, Social & Governance

At TwentyFour, ESG analysis is integral to our primary goal of delivering capital preservation and performance. Our research and our experience as a specialist fixed income manager tells us ESG factors can have a measurable impact on asset values, and we believe their influence is only likely to grow in the future.

Our ESG methodology is embedded within our regular investment process for the Company, and we believe this approach helps us target the maximum risk-adjusted returns while promoting better societal outcomes. An active sense check is applied at every step of our process, which enables us to independently scrutinise the data given by bond issuers and our external data provider independently. Our methodology is specifically tailored to the demands of fixed income, with an additional focus given to more nuanced factors such as Momentum (transition), Controversies and Engagement.

Within the ESG integration framework, the promotion of sustainability characteristics amongst the issuers that we invest in are initially considered through our proprietary scoring model within our proprietary relative value system, Observatory. We currently utilise the Asset4 ESG database from Refinitiv which gathers scores across a broad range of environmental and social parameters (such as emissions, resource use, workforce, human rights, community etc.) which then feeds into Observatory. At the top level, we believe that this framework facilitates a consistent basis for analysis. The system allows the portfolio management team to develop an understanding of the environmental and social characteristics of the issuers within the database. Within the database, the Portfolio Managers are easily able to challenge and overwrite the score given by Refinitiv and reward companies with improving ESG metrics or punish those with decreasing ESG metrics. For those holdings that do not have a score from Asset4, our PM team will independently review the holdings and provide their own score based on similar characteristics. Our ABS team have created their own system based on the same metrics.



Portfolio Manager's Report (continued)

In addition, our ESG integration model incorporates more nuanced factors such as engagements, controversies, and momentum, which we feel is an effective way to promote environmental and social characteristics. For instance, through our engagements approach we are able to develop an in-depth understanding of the environmental and social characteristics of each specific issuer. We feel that this is a crucial element in identifying environmental and social characteristics as we recognise the limitations of the third-party data that we use and that some scores may not truly reflect potential ESG risks that are associated with certain companies in which we invest. Further to this, our engagements also facilitate momentum opportunities (whether a company is on an improving ESG trend). Through this, the PM team can assess and reward companies who evidence a clear plan and demonstrable execution in improving environmental and social characteristics within their own practices and ultimately achieving their goals.

TwentyFour is a prominent investor in European asset-backed securities markets, including on behalf of the Company. From our experience, the specialist structures and complexity associated with this asset class makes ESG data gathering more challenging compared to more mainstream bond markets. Nevertheless, we have worked hard with issuers on closing this data gap and have also extended our Observatory model to cover ABS-specific metrics. We believe this proprietary ESG work is unique in the European ABS space, and it is well-regarded among our clients and other market participants.

We have continued to engage with lenders on Scope 3 financed emissions in residential mortgage-backed securities ("RMBS") and ABS deals. Over the 18-month

period from March 2023, the market has experienced a surge in Green RMBS issuance and although volumes are still far from the 2021 record high, we have supported Green transactions and expect to see continued high volumes over the coming months.

Within CLOs, investor demand for ESG integration has increased significantly over the past year resulting in most CLO managers increasing exclusions at portfolio level and within disclosures. We have also worked on several initiatives on the CLO side through the European Leveraged Finance Association ("ELFA"), with the latest initiative being a paper outlining guidance for CLO managers on carbon and climate disclosures. We have focused particularly on new CLO deals for the Company with positive and negative screening managed by CLO managers with strong ESG credentials.

TwentyFour's ESG Committee oversees all of our ESG and Sustainable activities. The committee features members from all functions of the business, including several partners, and is chaired by members of our Executive Committee. As a signatory to the UK Stewardship Code and the UN's Principles for Responsible Investment, we are committed to educating investors about our process and giving transparency on our engagements with firms on ESG issues.

TwentyFour Asset Management LLP
11 December 2024

Top Twenty Holdings

As at 30 September 2024

Security	Nominal/ Shares	Credit Security # Sector	Fair Value * £	Percentage of Net Asset Value
Nationwide Building Society 10.25 29/06/2049	32,960	Emerging Markets	4,364,253	1.99
Banco de Sabadell, 5% perp	5,400,000	Financial - Banks	4,325,922	1.97
Barclays F2V perp	4,050,000	Financial - Insurance	4,204,043	1.91
Rothsay Life 6.875 31/12/2049	3,542,000	Financial - Insurance	3,490,739	1.59
Natwest Group PLC F2V perp	3,600,000	Financial - Banks	3,284,682	1.49
Nationwide Building Society F2V perp	3,200,000	Financial - Banks	3,218,510	1.46
Intesa Sanpaolo F2V perp	3,700,000	Financial - Banks	3,188,201	1.45
Arbour Clo II FRN 15/04/2034	4,000,000	ABS	3,187,672	1.45
Santander UK PLC 10.375%	2,000,000	Financial - Banks	3,042,857	1.38
Avoca Clo XIII FRN 15/04/2034	3,500,000	ABS	2,901,688	1.32
Habenero Limited '6W B' VAR 5/4/2024	2,625,000	ABS	2,625,000	1.19
UnipolSai Assicurazioni, 6.375% perp	3,100,000	Financial - Insurance	2,619,661	1.19
Phoenix Group 5.75 31/12/2049	2,780,000	Financial - Insurance	2,585,879	1.18
Direct Line Insurance, 4.75% perp	2,900,000	Financial - Insurance	2,560,475	1.17
Syon Securities Frn 17/12/2027	2,367,997	ABS	2,423,571	1.10
Investec 10.5% FRN perp	2,150,000	Financial - Banks	2,342,809	1.07
Caixabank F2V perp	2,600,000	Financial - Banks	2,314,578	1.05
UniCredit F2V perp	2,900,000	Financial - Banks	2,270,291	1.03
St Pauls Clo 25/04/2030	2,835,000	ABS	2,257,372	1.03
Deutsche Bank F2V perp	2,600,000	Financial - Banks	2,255,602	1.03
Total			59,463,805	27.05

* Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Asset-backed securities ("ABS"). All other securities are Corporate Bonds.

The full portfolio listing of bonds and ABS as at 30 September 2024 can be obtained from the Administrator on request.

Board Members

Biographical details of the Directors as at date of signing are as follows:



Ashley Paxton - (Chair)

Mr Paxton was appointed as a Director to the Company on 1 November 2021 becoming its Chair on 11 August 2023.

Ashley spent the majority of his career with KPMG having retired as partner and its Channel Islands Head of Advisory in 2019. He has developed a wide breadth of experience from working within practice, beginning in audit and then building a dedicated advisory team to provide a full taxonomy of advisory services across the Channel Islands. Ashley gave specific focus to developing value creation and preservation strategies for his clients, typically through mergers and acquisitions.

Ashley currently holds a number of non-executive directorships across the financial services sector including a number of companies listed on the London Stock Exchange. He also plays an important role in the local third sector as Chair of the Youth Commission for Guernsey & Alderney. A resident of Guernsey, Ashley is a Fellow of the Institute for Chartered Accountants in England & Wales and holds an Economics degree from the University of Warwick.



Sharon Parr - (Audit Chair, non-executive Director)

Ms Parr was appointed to the Board on 1 November 2022 and was appointed Chair of the Audit Committee and Chair of

the Remuneration and Nomination Committee on 11 August 2023.

Ms Parr has over 35 years in the finance industry and spent a significant portion of her professional career with Deloitte and Touche in a number of different countries. After a number of years in the audit department, on relocating to Guernsey in 1999 she transferred to their fiduciary and fund management business and, after completing a management buyout and subsequently selling to Barclays Wealth in 2007, she ultimately retired from her role there as Global Head of Wealth Structuring in 2011.

Ms Parr holds a number of Non-Executive Directorships across the financial services sector including in other listed funds.

Ms Parr is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Society of Trust and Estate Practitioners, and is a resident of Guernsey.



Wendy Dorey - (non-executive Director)

Ms Dorey was appointed to the Board on 1 February 2023 and is Chair of the Management Engagement Committee.

Ms Dorey has over 25 years' experience in the financial services industry, working for a number of leading asset managers including Robert Fleming & Co, Friends Ivory & Sime Inc, M&G Securities Limited and BNY Mellon Corporation. She started her career in investment marketing and distribution, winning a number of awards for her campaigns to direct investors and the Intermediary market. She was latterly head of business strategy and planning for M&G, where she led a number of corporate restructuring projects and product development initiatives.

Since becoming a resident of Guernsey, Ms Dorey has taken on a portfolio of executive and non-executive roles. This includes being a Director of an investment consulting firm and holding Non-Executive Directorships in Schroders (CI) Limited and an AIM-listed fund. She was also appointed as a Commissioner for the Guernsey Financial Services Commission (GFSC) in 2015.

Ms Dorey is a Fellow of the Institute of Directors and qualified as a Chartered Director in 2020. She was, until May 2023, the Chair of the Guernsey Branch of the Institute of Directors.



Richard Class - (non-executive Director)

Mr Class was appointed to the Board on 1 November 2023.

Mr Class' career spans more than thirty years in the financial services sector. Over more than a decade at Morgan Stanley, he was Managing Director and Head of EMEA Business Development for Fixed Income in Investment Management, and also a portfolio manager for several fixed income portfolios with assets totalling €7 billion. Prior to that, he was a Board Director and trainer at BG Consulting, a financial products training and development company. He began his career as a fixed income derivatives trader in interest rates and FX products at Rabobank and Morgan Grenfell. He is currently a senior advisor to OptimX, which helps clients to reduce the costs of using financial markets, and is also a senior mentor.

Mr Class has a Mathematics degree from Oxford University and is a resident of the United Kingdom.

Disclosure of Directorships in Public Companies Listed on Recognised Stock Exchanges

The following summarises the Directors' directorships in other public listed companies:

Company Name	Stock Exchange
Ashley Paxton	
Downing Renewables & Infrastructure Trust plc	London
Ikigai Ventures Limited	London
JZ Capital Partners Limited	London
Sharon Parr	
JZ Capital Partners Limited	London
Wendy Dorey	
Weiss Korea Opportunity Fund Limited	London
Richard Class	
None	



Strategic Report

For the year ended 30 September 2024

The Directors submit to the Shareholders their Strategic Report for the year ended 30 September 2024.

Business Model and Strategy

The Company is a closed-ended investment company, incorporated with limited liability in Guernsey. The Company has been granted exemption from income tax within Guernsey. It is the intention of the Board to continue to operate the Company so that each year this tax-exempt status is maintained.

Investment objective and policy

The Company's investment objective and policy is set out in the Summary Information on page 5.

Income

The Board intends to distribute an amount at least equal to the value of the Company's excess income (as defined in note 19 to the Financial Statements) arising each financial year to the holders of Ordinary Shares. However, there is no guarantee that the Dividend Target of 6.0p per Ordinary Share for each financial year will be met or that the Company will make any distributions at all.

The dividends declared per share for the year ended 30 September 2024 totalled 7.38p (30 September 2023: 7.37p). Based on current expectations of yields, it is possible that the year ending 30 September 2025 might

also produce an excess income amount. In line with this reporting period, the Board and Portfolio Manager will continue to consider whether the Company may temporarily spread the excess income more evenly during the year.

Long-term growth in capital value

The asset value of the Company's portfolio is heavily influenced by external macro-economic factors. The Board regularly discuss the portfolio with the Portfolio Manager. Additional details are covered in the Chair's Statement and Portfolio Manager's Report.

Business Environment

The Company's risk exposure and the effectiveness of its risk management and internal control systems are contained within the Company's risk matrix, which is reviewed regularly by the Audit and Risk Committee and at least annually by the Board. The Board is satisfied that it has carried out a robust assessment of its principal risks and uncertainties.

Principal Risks and Uncertainties

Market risk

The Company invests in credit securities which are subject to market risk, including the potential for both losses and gains from price risk, reinvestment risk, interest rate risk, and foreign currency risk. These are discussed in detail in note 16 to the Financial Statements.



The underlying investments comprised in the portfolio are subject to price risk. The Company is therefore at risk that market events may affect performance and in particular may affect the value of the Company's investments which are valued on a mark to market and mark to model basis. Price risk is risk associated with changes in market prices or rates, including interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, national and international political circumstances. The Company's policy is to manage price risk by holding a diversified portfolio of assets, through its investments in credit securities.

The Company's continuing position in relation to interest rate and duration risk is monitored on a weekly basis by the Portfolio Manager as part of its review of the weekly NAV calculations prepared by the Company's Administrator. The Company may also use swap contracts to mitigate the effects of market volatility on interest rate risk. There were no swaps held as at 30 September 2024.

Given the Company's exposure to investments denominated in currencies other than sterling, the Company is exposed to foreign currency risk. The Company manages its exposure to currency movements by using spot and forward foreign exchange contracts, which are rolled forward periodically and typically for a period of one month.

Each quarter, the Board formally reviews the investment performance reports, and amortisation schedules (setting out upcoming maturities for monitoring cashflow available for reinvestment) provided by the Portfolio Manager. The Board also considers the impact of economic volatility and of heightened geopolitical tensions on the Company's performance.

Credit risk

The Company invests in credit securities issued by other companies, trusts or other investment vehicles which, compared to bonds issued or guaranteed by governments, are generally exposed to greater risk of default in the repayment of the capital provided to the issuer or interest payments due to the Company and may also expose the Company to more structural risk. These are discussed in detail in note 16 to the Financial Statements.

Each quarter, the Board formally considers portfolio credit analysis presented to it by the Portfolio Manager.

Liquidity risk

Substantially all of the assets of the Company are invested in credit securities. These may be illiquid and this may limit the ability of the Company to realise its investments for the purposes of cash management, including any needs arising for dividend payments or buying back Ordinary



Strategic Report (continued)

Liquidity risk (continued)

Shares under the Quarterly Tender process or in the market. There may be no active market in the Company's holdings in credit securities and the Company may be required to provide liquidity to fund Tender Requests or repay any borrowings. The Company does not have redemption rights in relation to any of its investments. Consequently, the value of the Company's investments may be materially adversely affected. This is discussed in detail in note 16 to the Financial Statements.

The Company has the authority to arrange a Revolving Credit Facility of up to 10% of NAV to fund short-term liquidity requirements. This arrangement has been provided in the past by Northern Trust (Guernsey) Limited, the Company's "Principal Banker" and could be re-instated in the future subject to the prior agreement of the Principal Banker.

Each quarter, the Board formally reviews documentation provided by the Portfolio Manager pertaining to liquidity risk and assesses any action which may be required.

Valuation of investments

The Company's investments had a fair value of £205,443,235 as at 30 September 2024 (30 September 2023: £176,435,682) which are the key constituent of the Company's net assets. There has been no change to the accounting policy applied to how these investments have been valued (see notes 2 and 3 to the Financial Statements). The use of an independent third party valuation expert was used to value approximately 3.11% of the Company's investments at 30 September 2024 (30 September 2023: 3.2%).

Income recognition risk

As disclosed in note 3(ii)(d) to the Financial Statements, interest income is recognised on a time-proportionate basis using the effective interest rate method. Discounts received or premiums paid in connection with the acquisition of credit securities are amortised into interest income using the effective interest rate method over the expected life of the related security.

When calculating the effective interest rate, the Portfolio Manager estimates cash flows considering the expected life of the financial instrument, including future credit losses and deferred interest payments. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate and all other premiums or discounts.

Revenue estimations are sensitive to changes in interest income resulting from financial instruments defaulting. Interest income represents the Portfolio Manager's best estimate having regard to historical volatility and looking forward at the global environment.

The Board's assessment of income recognition risk has not changed during the year.

Dividends

The Company has a Dividend Target of 6p per Ordinary Share for each financial year, and the Board consequently targets a minimum monthly dividend of 0.5p per share. If the Dividend Target was not able to be met in a year, or the Board considers that it should be reduced, a Continuation Resolution would be put to Shareholders.

As explained in note 19 to the Financial Statements, in addition to the Dividend Target the Board intends, with the final monthly dividend for each financial year, to distribute an amount equal to the value of any unaudited excess income of the Company for that financial year remaining after payment of the monthly dividends. The Board may also elect during the year to approve an additional interim amount per share if the Company is exceeding its dividend target.

The Board meets each month to consider the approval of a monthly interim dividend and in respect of the final monthly dividend for each financial year any additional amount noted above.

As the Dividend Target is central to the Company's purpose, the Board and the Portfolio Manager are focused on the sustainability of the dividend and regularly monitor and review the position. The Portfolio Manager is confident that due to the continuing improvement in yields in the market as a result of the higher interest rate environment, the Dividend Target remains achievable.

The Company's ability to pay dividends is governed by Guernsey company law which requires the Company to satisfy the prescribed statutory solvency test, which the Board formally considers at each monthly meeting prior to approving each dividend payment. If at the time a dividend is to be made the Board believes that the solvency test cannot be passed, then no payment will be made.

Quarterly tenders

The Company has incorporated into its structure a mechanism for a quarterly tender minimising the risk of Ordinary Shares trading at a significant discount to NAV. The Company offers a tender on a quarterly basis for up to 20% of the Ordinary Shares in issue as at the relevant Quarter Record Date, subject to an aggregate limit of 50% of the Ordinary Shares in issue in any twelve-month period ending on the relevant Quarter Record Date. In the event that quarterly tender applications, on any tender submission deadline, exceed the 50% limit, the Board will convene a General Meeting in accordance with the Continuation Vote requirements set out in note 16 to the Financial Statements. The execution and acceptance of the quarterly tenders is at the sole discretion of the Board.

A key consideration for the ongoing viability of the Company is therefore its liquidity assessment which is considered on an ongoing basis by the Board. No liquidity concerns were identified for the year ended 30 September 2024 and the Board and Portfolio Manager are confident that under anticipated market conditions the Company can continue to meet tender requests as they arise.

During the year, 1,996,180 shares were tendered. 1,496,180 shares were initially purchased by the Corporate Broker and subsequently placed with investors, while 500,000 shares were repurchased by the Company as Treasury shares and subsequently resold. In addition, post year end, a further 404,301 shares were initially purchased by the Corporate Broker and subsequently placed with investors in October 2024 in respect of the 30 September 2024 tender.

Shareholder base

The Corporate Broker has limited ability to engage with all investor types and non-institutional investors now form a large shareholder group. This group is often more active on a daily basis than passive institutional holders, and with turnover in the shares relatively low, has an important marginal price impact. This could cause the price to be especially volatile during periods when market maker capital is constrained, and information flow is poor. As engagement with this group of shareholders is difficult, the Company shares could suffer from periods of short-term market volatility.

The Board utilises the Corporate Broker and media to monitor Shareholders' opinions and identify potential

issues. The Board is reviewing avenues to engage better with all shareholder groups and in doing so has to weigh up the cost of this against the long-term benefits. To help limit this risk, subject to market conditions and cost benefit factors, the Board actively utilises its buyback Treasury capacity and ability to sell shares through taps directly into the market.

Other Risks and Uncertainties

The Board has identified the following other risks and uncertainties along with steps taken to monitor (and mitigate where appropriate/possible):

Operational risks

The Company does not have executive directors or employees. It has entered into contractual arrangements with a network of third parties (the "Service Providers") who provide services to it. The Board, through the Management Engagement Committee (the "MEC"), undertakes annual due diligence on, and ongoing monitoring of, all such Service Providers including obtaining a confirmation that each such Service Provider complies with relevant laws and regulations, good practice, delivers value for money and has environmental, social and governance policies in place.

The Company is exposed to the risk arising from any failures of systems and controls in the operations of the Service Providers. The Board and its Audit and Risk Committee regularly review reports from the Portfolio Manager, the AIFM, Broker, Administrator and Custodian and Depository on their internal controls. The Administrator will report to the Portfolio Manager any valuation issues which will be brought to the Board for final approval as required.

The Company is exposed to cyber-attack risk through its Service Providers. Through the MEC, the Company asks its Service Providers to confirm that they have appropriate safeguards in place to mitigate the risk of cyber-attacks and remote working (including minimising the adverse consequences arising from any such attack), that they provide regular updates to the Board on cyber security, and conduct ongoing monitoring of industry developments in this area. Some Service Providers have arrangements to work from home as per their policies. None of the Service Providers have reported any problems regarding cyber security when questioned by the MEC.

Strategic Report (continued)

Operational risks (continued)

The Board's assessment of operational risks has not materially changed during the year and it is satisfied that the Service Providers have the relevant controls in place to manage operational risks.

Accounting, legal and regulatory risks

The Company is exposed to the risk that it may fail to maintain accurate accounting records, fail to comply with requirements of its Admission document and fail to meet listing obligations. The accounting records prepared by the Administrator are reviewed by the Portfolio Manager. The Portfolio Manager, Administrator, AIFM, Custodian and Depositary and the Financial Adviser and Corporate Broker provide regular updates to the Board on compliance with the Admission document and changes in regulation. Changes in legal or regulatory environments can have a major impact on some classes of debt. The Portfolio Manager and Board monitor this and take appropriate action where needed.

The Board's assessment of accounting, legal and regulatory risk has not changed during the year.

Climate risk

The Financial Stability Board ("FSB") formed the Task Force on Climate-related Financial Disclosures ("TCFD") in December 2015 to address the impact climate change is having on companies and the global financial system through disclosure. On 2 July 2019, the UK Government announced, in its Green Finance Strategy, the expectation that listed companies and large asset owners should disclose in line with the TCFD. The Company is a closed-ended Guernsey domiciled fund. There is no current mandatory requirement under the listing rules or any other framework to make disclosures in line with the TCFD for closed-ended funds. The Board continues to assess, with the Portfolio Manager, disclosures prevailing in the market in similar entities to that of the Company to best articulate the low levels of climate risk to which the Board believes the Company is exposed.

The Portfolio Manager considers environmental, social and governance ("ESG") factors in the investment process, utilising an integrated approach. Additional information is detailed below and in the Portfolio Manager's Report on pages 11 and 12.

Environmental, social and governance

The Board recognises the importance of ESG factors in

the investment management industry and the wider economy as whole. The Company is a closed-ended investment company with a limited purpose and without employees. As such, it is the view of the Board that the direct environmental and social impact of the Company is limited and that ESG considerations are most applicable in respect of the asset allocation and security selection decisions made for its portfolio.

The Company has appointed the Portfolio Manager to advise it in relation to all aspects relevant to the Investment Portfolio. The Company was not established with explicit ESG targets and does not have any ESG objectives. The Portfolio Manager includes ESG factors in its investment appraisal and approach and has a formal ESG framework. The Portfolio Manager has an ESG Committee representing all areas of its business, which is governed by its Executive Committee. The Board receives regular updates from the Portfolio Manager on its ESG processes and assesses their suitability for the Company. ESG factors are assessed by the Portfolio Manager for every transaction as part of their investment process.

As discussed earlier, the Portfolio Manager continues to expand and enhance its ESG analysis, giving the board reassurance that these risks are being managed actively.

Future Prospects

The Board's main focus is to generate attractive risk adjusted returns principally through income distributions. The future of the Company is dependent upon the success of the investment strategy. The investment outlook and future developments are discussed in both the Chair's Statement and the Portfolio Manager's Report on pages 6 to 12.

Board Diversity

When appointing new Directors and reviewing the Board composition, the Remuneration and Nomination Committee considers, amongst other factors, cognitive diversity, balance of skills, knowledge, gender, social and ethnic background and experience. Upon appointment of Mr Richard Class to the Board on 1 November 2023, the Board consisted of two female and two male Directors. Ms Parr is the Chair of the Audit and Risk Committee. As at 30 September 2024, the Company has therefore met the targets set by the Listing Rules LR 9.8.6R(9) and LR 14.3.33R(1) in relation to board diversity for the percentage of its board members who are female and also in a senior position.

The Remuneration and Nomination Committee considers the Listing Rules Requirement in making its recommendations for appointments but does not consider it appropriate to establish targets or quotas in this regard. It has not met the target to have one director from a minority ethnic background but considers this satisfactory due to the cognitive diversity of the members of the Board and in particular due to the difference in backgrounds of its constituent members. The Company has no employees.

Shareholder Engagement

The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. Shareholders are welcome to meet with the Chair and other Board members and should contact the Company's Administrator in the first instance.

The Portfolio Manager and Deutsche Numis as Financial Adviser and Corporate Broker maintain a regular dialogue with institutional Shareholders, the feedback from which is reported to the Board.

The Company's AGM provides a forum for Shareholders to meet and discuss issues of the Company and they have the opportunity to vote on the resolutions as specified in the Notice of the AGM. The Notice of the AGM and the results are released to the LSE in the form of an announcement.

In addition, members of the Board attend investor days and conferences held by the Portfolio Manager.

The Portfolio Manager maintains a website for the Company which contains comprehensive information, including links to regulatory announcements, share price information, financial reports, investment objective, monthly factsheets and investor contacts.

Position and Performance Packaged Retail and Insurance-based Investment Products Key Information Document

The Company has published a Key Information Document ("KID") in compliance with the Packaged Retail and Insurance-based Investment Products ("PRIIPs") Regulation. The KID can be found on the Portfolio Manager's website at the below web address:

<https://twentyfouram.com/funds/twentyfour-select-monthly-income-fund/fund-literature/>

The process for calculating the risks, cost and potential returns is prescribed by regulation. The figures in the KID may not reflect the Portfolio Manager's expected returns for the Company and anticipated returns cannot be guaranteed.

Key Performance Indicators ("KPIs")

At each Board meeting, the Board considers a number of performance measures to assess the Company's success in achieving its objectives. Balanced with the Board's consideration of risk factors, below are the main KPIs which have been identified by the Board for determining the progress of the Company:

- Monthly Dividends;
- Net Asset Value;
- Share Price;
- Premium/Discount; and
- Ongoing Charges.

Net asset value

The Net Asset Value ("NAV") per Ordinary Share, including revenue reserve, at 30 September 2024 was 83.70p, based on net assets as at this date of £219,767,370 divided by number of Ordinary Redeemable Shares in issue of 262,574,331 (30 September 2023: 75.44p based on net assets of 181,689,040 divided by number of Ordinary Redeemable Shares in issue of 240,824,331).

Share price

The Share Price is the price per share per Ordinary Redeemable Share trading on the London Stock Exchange. On 30 September 2024, the share price was 85.30p (30 September 2023: 75.60p).

Premium/discount to NAV

The premium/discount to NAV is a percentage difference in share price per share to the net asset value per share. It is calculated by subtracting the share price from the NAV per share and dividing it by the NAV per share. If the share price is lower than the NAV per share, the shares are trading at a discount. If the share price is higher than the NAV per Share, the shares are trading at a premium. On 30 September 2024, the premium to NAV was 1.91% (30 September 2023: premium of 0.21%).

Strategic Report (continued)

Ongoing charges

Ongoing charges for the year ended 30 September 2024 have been calculated in accordance with the Association of Investment Companies (the "AIC") recommended methodology. The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs, share issue or buyback costs and non-recurring legal and professional fees,

expressed as a percentage of the average of the weekly net assets during the year.

The ongoing charges for the year ended 30 September 2024 were 1.21% (30 September 2023: 1.26%). The ongoing charges were calculated as follows:

	30.09.24	30.09.23
	£	£
Ongoing charges		
Average NAV for the year (a)	196,788,215	174,168,870
Total expenses	2,457,859	2,187,168
Less: Expenses not recognised as part of the AIC Ongoing Charges Methodology	(70,507)	-
Total recognised expenses (b)	2,387,352	2,187,168
Ongoing charges (b/a)	1.21%	1.26%

Dividends

The Company maintains a Dividend Target of 6p per share.

that the Company met and exceeded its Dividend Target for the current year. During the year, the following dividends were declared:

The dividends per share for the year ended 30 September 2024 totalled 7.38p (30 September 2023: 7.37p) meaning

Period to	Dividend rate per Share (pence)	Net dividend payable (£)	Ex-dividend date	Record date	Pay date
30 September 2023*	1.87	4,493,959	19 October 2023	20 October 2023	3 November 2023
31 October 2023	0.50	1,201,622	16 November 2023	17 November 2023	1 December 2023
30 November 2023	0.50	1,204,122	21 December 2023	22 December 2023	5 January 2024
29 December 2023	0.50	1,209,122	18 January 2024	19 January 2024	2 February 2024
31 January 2024	0.50	1,215,372	15 February 2024	16 February 2024	1 March 2024
29 February 2024	0.50	1,217,872	21 March 2024	22 March 2024	5 April 2024
28 March 2024	0.75	1,834,306	18 April 2024	19 April 2024	3 May 2024
30 April 2024	0.50	1,243,872	16 May 2024	17 May 2024	31 May 2024
31 May 2024	0.50	1,254,872	20 June 2024	21 June 2024	5 July 2024
28 June 2024	0.75	1,898,056	18 July 2024	19 July 2024	2 August 2024
31 July 2024	0.50	1,272,872	15 August 2024	16 August 2024	30 August 2024
30 August 2024	0.50	1,302,872	19 September 2024	20 September 2024	4 October 2024
		19,348,919			
30 September 2024	1.38	3,624,405	17 October 2024	18 October 2024	1 November 2024

* This dividend was declared in respect of distributable profit for the year ended 30 September 2023. The Board will continue to monitor the appropriateness of the dividend policy.

Viability Statement

Under the UK Corporate Governance Code, the Board is required to make a viability statement which considers the Company's current position and principal risks and uncertainties, combined with an assessment of the prospects of the Company, in order to be able to state that they have a reasonable expectation that the Company will be able to continue in operation over the period of their assessment. The Board considers that three years is an appropriate period to assess the viability of the Company given the uncertainty of the environment within which it operates and the principal risks and uncertainties affecting the Company.

The Company's prospects are driven by its business model and strategy. The Company's investment objective is to generate attractive risk adjusted returns, principally through income distributions, by investing in a diversified portfolio of credit securities. The Board also recognises the importance of preserving and rebuilding capital.

Key assumptions considered by the Board in relation to the viability of the Company are as follows:

Dividend Target

The Company has a Dividend Target of 6p per Ordinary Share for each financial year. If the Dividend Target was not able to be met in a year or the Board considers that it should be reduced, a Continuation Resolution would be put to Shareholders.

The Company declared dividends for the financial year of 7.38p per share, and each financial year since incorporation the Company has paid dividends in excess of the Company's Target Dividend of 6p per share.

The Portfolio Manager is confident that due to the favourable yields in the market as a result of the higher interest rate environments, the Dividend Target remains achievable.

Quarterly Tenders

Due to the quarterly tender process as described on page 19, a key consideration for the ongoing viability of the Company is therefore its liquidity assessment which is considered on an ongoing basis by the Board. No liquidity concerns were identified for the year ended 30 September 2024 and the Board and Portfolio Manager are confident that under anticipated market conditions the Company can continue to meet tender requests as they arise.

During the year, 1,996,180 shares were tendered. 1,496,180 shares were initially purchased by the Corporate Broker and subsequently placed with investors, while 500,000 shares were repurchased and subsequently resold. A further 404,301 shares were initially purchased by the Corporate Broker and subsequently placed with investors in October 2024 in respect of the September 2024 tender. Additional information on the tenders is detailed in the Chair's Statement.

As part of the Board's viability assessment for the 3 year period to 30 September 2027, having due regard to the Company's Principal Risks and Uncertainties summarised on pages 16 to 19, it has formally considered projected cashflow forecasts, the amortisation profile of its current portfolio, and a detailed dividend coverage analysis incorporating its assumptions around reinvestment of bond redemptions at yields sufficient to ensure the sustainability of income to meet the Company's future Dividend Target after known liabilities such as fees and dividends. Additionally, the Board considered relevant analyses related to liquidity risk, credit risk, and foreign exchange risk pertaining to the Company.

Viability Conclusion

Based on the above assessment, the Board has concluded that there is a reasonable expectation that the Company will be able to continue to operate and to meet its liabilities as they fall due over the three-year period to 30 September 2027 being the viability period.

Strategic Report (continued)

Section 172 Statement

Although the Company is domiciled in Guernsey, the Board has considered the guidance set out in The AIC Code of Corporate Governance (the "AIC Code") in relation to Section 172 of the Companies Act 2006 in the UK. Section 172 of the Companies Act requires that the Directors of the Company act in the way they consider, in

good faith, is most likely to promote the success of the Company for the benefit of all stakeholders, including suppliers, customers and Shareholders.

Further information as to how the Board has had regard to the Section 172 factors is shown below:

Section 172 factors	Key examples	Locations
Consequences of decisions in the long term	Investment Objective and Policy Future Prospects Dividend policy Viability Statement	Summary Information Strategic Report Note 19 Strategic Report
Fostering business relationships with suppliers, customers and other stakeholders	Shareholders Key Service Providers	Strategic Report AGM Monthly Factsheet and Commentary
Impact of operations on the community and the environment	Environmental, Social and Governance	Strategic Report
Maintaining high standard of business conduct	Corporate Governance	Directors' Report

Key Service Providers

The Company does not have any employees and as such the Board delegates responsibility for its day-to-day operations to a number of key Service Providers. The key Service Providers include the Portfolio Manager, the Administrator, the Alternative Investment Fund Manager, the Registrar, the Receiving Agent, the Corporate Broker, the Legal Advisers and the Auditor. The activities delegated, service levels and other related reports to the activities of each Service Provider (such as their own approach to such matters as cyber risk and assessment of

climate change risk to operations) are closely monitored, where and as appropriate by the Board and they are required to report to the Board at set intervals.

The Board also meets at least annually to consider the long-term strategy of the business, incorporating presentations and discussion on longer-term opportunities and threats to the business. Focus is placed on emerging risks which have the potential to disrupt the business model.

Signed on behalf of the Board of Directors on 11 December 2024 by:

Ashley Paxton
Chair

Sharon Parr
Director

Directors' Report

The Directors present their Annual Report and Audited Financial Statements for the year ended 30 September 2024.

Business Review

The Company

The Company was incorporated with limited liability in Guernsey, as a closed-ended investment company on 12 February 2014. The Company's shares were listed with a Premium Listing on the Official List of the UK Listing Authority and admitted to trading on the Main Market of the LSE on 10 March 2014.

Investment Objective and Policy

The investment objective and policy is set out in the Summary Information on page 5.

Premium/Discount to Net Asset Value

The Board monitors and takes actions where appropriate to manage the level of the share price premium/discount to NAV. In doing this, the Company can operate a share buyback facility whereby it may purchase, subject to various terms as set out in its Articles and in accordance with The Companies (Guernsey) Law, 2008, up to 14.99% of the Company's Ordinary Shares in issue immediately following Admission for trading in the LSE.

The Company can also offer investors, at the Board's sole discretion, a Quarterly Tender, contingent on certain factors, to provide Shareholders with a quarterly opportunity to submit Ordinary Shares for placing or repurchase by the Company at a price representing a discount of no more than 2% to the then prevailing NAV. For additional information, refer to note 16 (i) to the Financial Statements.

Shareholder Information

Shareholder information is set out in the Summary Information on page 5.

On 23 May 2024, a written resolution was passed to issue a new Block Listing facility for 40,660,001 Ordinary Shares. The Company had the ability to issue up to 25,157,443 Ordinary Shares under a tap facility as approved at the Annual General Meeting on 8 August 2024. During the financial year ended 30 September 2024, the Company issued 18,310,813 shares.

Going Concern Statement

A fundamental principle of the preparation of financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") is the judgement that an entity will continue in existence as a going concern for a period of at least 12 months from the signing of the Financial Statements.

The Board, in its consideration of the going concern position of the Company, has formally considered projected cashflow forecasts, and relevant analyses related to liquidity risk, credit risk, and foreign exchange risk pertaining to the Company. Against the Company's investment objective (page 5), the Company's Principal Risks and Uncertainties (pages 16 to 19) and financial risk management (note 16 to the Financial Statements), and the viability assessment (page 23), the Board is satisfied that the Company has adequate financial resources and suitable management arrangements in place to continue as a going concern for at least twelve months from the date of approval of the Financial Statements.

Accordingly, the Board continues to adopt the going concern basis in preparing these Financial Statements.

Results

The principal purpose of the Company is to generate an income which is currently framed on a 6p per share annual Dividend Target. The ability to generate this is a central focus of the Portfolio Manager and the Board. The Board intends to distribute an amount at least equal to the value of the Company's excess income, as defined in note 19 to the Financial Statements, arising each financial year to the holders of Ordinary Shares on an annual basis.

Importantly, the ability to achieve the Dividend Target is linked to market conditions and the amount of risk the Company takes. In this regard, the intention is not to increase the Company's risk profile simply to meet the Dividend Target. However, where the anticipated rewards for higher risk taking are attractive, the Company would be comfortable assuming more tactical risk within appropriate parameters.

Directors’ Report (continued)

Results (continued)

The results for the year are set out in the Statement of Comprehensive Income. The Board declared dividends of £19,348,919 during the year ended 30 September 2024 (30 September 2023: £15,001,966), a breakdown of which can be found in note 19 to the Financial Statements. The 30 September 2024 distribution which was declared on 10 October 2024 was paid on 1 November 2024.

Retained earnings improved during the reporting period. Retained earnings include realised and unrealised gains and losses on the Company’s assets. These include both investment assets, such as bonds, and foreign exchange and other derivatives used purely for hedging, as well as all forms of income. Securities purchased at a premium and large foreign exchange movements will further impact retained earnings as will unfavourable market movements or credit events.

Managing the portfolio to improve the retained earnings during favourable market conditions or to maintain these during difficult market conditions is also an aim of the Portfolio Manager. The ability to do this is fundamentally impacted by the 6p per share Dividend Target.

Portfolio Manager

The portfolio management fee is payable to the Portfolio Manager, TwentyFour Asset Management LLP, monthly in arrears at a rate of 0.75% per annum of the lower of NAV, which is calculated weekly on each valuation day and on the last business day of each month, or market capitalisation of each class of share. For additional information refer to note 14 to the Financial Statements. The Portfolio Manager is also entitled to a commission of 0.175% of the aggregate gross offering proceeds in relation to any issue of new shares.

The Board considers that the interests of Shareholders, as a whole, are best served by the ongoing appointment of the Portfolio Manager to achieve the Company’s investment objective.

Alternative Investment Fund Manager (“AIFM”)

Until 11 June 2024, Alternative investment fund management services were provided by Apex Fundrock Limited. In consideration for the services provided by the AIFM under the AIFM Agreement, the AIFM was entitled to receive from the Company a minimum fee of £20,000 per annum and fees payable quarterly in arrears at a rate of 0.07% of the Net Asset Value of the Company below £50 million, 0.05% on Net Assets between £50 million and £100 million and 0.03% on Net Assets in excess of £100 million.

From 11 June 2024, Alternative investment fund management services are provided by Waystone Management Company (IE) Limited (“Waystone”). The AIFM fee is subject to a minimum fee of £65,000 per annum and is payable quarterly in arrears at a rate of 0.03% of the NAV of the Company below £250 million, 0.025% on Net Assets between £250 million and £500 million, 0.02% on Net Assets between £500 million and £1 billion and 0.015% on Net Assets in excess of £1 billion. For additional information, refer to note 15 to the Financial Statements.

Custodian and Depository

Custody and Depository services are provided by Northern Trust (Guernsey) Limited. The terms of the Depository agreement allow Northern Trust (Guernsey) Limited to receive professional fees for services rendered. The Depository agreement includes custodian duties. For additional information, refer to note 15 to the Financial Statements.

Directors

The Directors of the Company during the year and as at the date of this report are set out on page 3.

Directors' and Other Interests

The Directors of the Company held the following Ordinary Shares beneficially:

	30.09.24 Shares	30.09.23 Shares
Ashley Paxton	120,000	100,000
Sharon Parr	98,004	98,004
Wendy Dorey	15,000	15,000
Richard Class (appointed 1 November 2023)	50,000	-
Claire Whittet (resigned 11 August 2023)	-	25,000
Ian Martin (resigned 1 February 2023)	-	35,000

On 1 October 2024 Wendy Dorey purchased 23,505 shares. Following these acquisitions, Ms Dorey's total holding will be 38,505 shares in the Company.

Corporate Governance

The Board is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment company in order to comply with the principles of the UK Corporate Governance Code (the "UK Code"). The Company is also required to comply with the Code of Corporate Governance issued by the Guernsey Financial Services Commission (the "GFSC Code").

The UK Listing Authority requires all UK premium listing companies to disclose how they have complied with the provisions of the UK Code. This Corporate Governance Statement, together with the Going Concern Statement, Viability Statement and the Statement of Directors' Responsibilities set out on page 34, indicates how the Company has complied with the principles of good governance of the UK Code and its requirements on Internal Control.

The Company is a member of the AIC and by complying with the AIC Code of Corporate Governance (the "AIC Code") is deemed to comply with both the UK Code and the GFSC Code.

The Board has considered the principles and recommendations of the AIC Code and considers that reporting against these will provide better information to Shareholders. To ensure ongoing compliance with these principles the Board reviews a report from the Corporate Secretary regularly, identifying how the Company is in compliance and identifying any changes that might be necessary.

The AIC Code is available on the AIC's website, www.theaic.co.uk. The UK Code is available in the Financial Reporting Council's website, www.frc.org.uk and the GFSC Code is available at www.gfsc.gg.

Throughout the year ended 30 September 2024, the Company has complied with the recommendations of the AIC Code and thus the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- The role of the Chief Executive;
- Executive Directors' remuneration;
- Annually assessing the need for an internal audit function; and
- Senior Independent Director.

For the reasons set out in the AIC Code, the Board considers that the first three provisions are not relevant to the position of the Company as it is an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

Directors’ Report (continued)

Corporate Governance (continued)

The reason for not appointing a Senior Independent Director is set out below.

There have been no other instances of non-compliance, other than those noted above.

Role, Composition and Independence of the Board

The Board is the Company’s governing body and has overall responsibility for maximising the Company’s success by directing and supervising the affairs of the business and meeting the appropriate interests of Shareholders and relevant stakeholders. A summary of the Board’s responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- risk assessment and management including reporting compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

The Board’s responsibilities for the Annual Report and Audited Financial Statements are set out in the Statement of Directors’ Responsibilities on page 34.

The Board historically consisted of three non-executive Directors, but with the appointment of Mr Richard Class on 1 November 2023 has increased to four, all of whom are considered to be independent of the Portfolio Manager and as prescribed by the Listing Rules.

The Board does not consider it appropriate to appoint a Senior Independent Director because all Directors are deemed to be independent by the Company. Having undertaken a skills review, the Board considers it has the appropriate balance of diverse skills and experience, independence and knowledge of the Company and the wider sector. This enables it to discharge its duties and responsibilities effectively and that no individual or group of individuals dominates decision-making. The Chair is responsible for leadership of the Board and ensuring its effectiveness.

The Chair is Ashley Paxton. The Chair of the Board must be, and is considered to be, independent for the purposes of Chapter 15 of the Listing Rules.

Biographies for all the Directors and their list of directorships in other public listed companies (including cross directorships in those companies) can be found on pages 14 and 15. Furthermore, no member of the Board:

- has any current or historical employment with the Portfolio Manager; and
- has any current directorships in any other investment funds managed by the Portfolio Manager.

The Board needs to ensure that the Annual Report and Audited Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company’s position, performance, business model and strategy. In seeking to achieve this, the Directors have set out the Company’s investment objective and policy and have explained how the Board and its delegated Committees operate and how the Directors review the risk environment within which the Company operates and set appropriate risk controls. Furthermore, throughout the Annual Report and Audited Financial Statements, the Board has sought to provide further information to enable Shareholders to have a fair, balanced and understandable view.

The Board has contractually delegated activities related to the management of its investment portfolio to the Portfolio Manager, the arrangement of custodial and depositary services and the provision of administration, accounting and company secretarial services including the independent calculation of the Company’s NAV and the production of the Annual Report and Financial Statements which are independently audited to the Administrator and registrar functions to the Registrar.

The Board is responsible for the appointment and monitoring of all Service Providers to the Company.

The Board is kept fully informed of investment and financial controls and other matters by all Services Providers that are relevant to the business of the Company and should be brought to the attention of the Board.

The Company has adopted a policy that the composition of the Board of Directors, which is required by the Company’s Articles to comprise of at least two persons, is

at all times such that a majority of the Board is independent of the Portfolio Manager and any company in the same group as the Portfolio Manager; the Chair of the Board of Directors is free from any conflicts of interest and is independent of the Portfolio Manager and of any company in the same group as the Portfolio Manager; and that no more than one director, partner, employee or professional adviser to the Portfolio Manager or any company in the same group as the Portfolio Manager may be a Director of the Company at any one time.

The Board has a breadth of experience relevant to the Company and the Directors believe that any changes to the Board's composition can be managed without undue disruption. With any new director appointment to the Board, consideration will be given as to what induction process is appropriate.

The Board believes that the current appointments provide an appropriate range of skills, experience and diversity.

Succession planning is key to the continuance of good corporate governance. During the previous year, two Directors rotated off the Board and were replaced by Sharon Parr and Wendy Dorey. During the year, after a skills based assessment exercise, Richard Class was identified using an independent recruitment firm and was appointed to the Board on 1 November 2023. No other immediate changes to the Board are currently anticipated.

Directors' Attendance at Meetings

The Board holds full quarterly Board meetings to discuss general management including: dividend policy, structure, finance, corporate governance, marketing, risk

management, liquidity, compliance, asset allocation and gearing, contracts and performance. The full quarterly Board meetings are the principal source of regular information for the Board enabling it to determine policy and to monitor performance, compliance and controls. These meetings are also supplemented by communication and discussions throughout the year, particularly the regular Board meetings to consider monthly dividends and quarterly tenders.

A representative from each of the Portfolio Manager, AIFM, Administrator, Custodian and Depository and the Financial Adviser and Corporate Broker attends each full quarterly Board meeting either in person or electronically thus enabling the Board to fully discuss and review the Company's operation and performance. Each Director has direct access to the Portfolio Manager and Company Secretary and may, at the expense of the Company, seek independent professional advice on any matter. Both appointment and removal of these parties is to be agreed by the Board as a whole.

The Audit and Risk Committee meets at least twice a year, the Management Engagement Committee and Remuneration and Nomination Committee meet at least once a year, a dividend meeting is held monthly and there are additional meetings covering the Quarterly Tenders as and when necessary. In addition, ad hoc meetings of the Board to review specific items between the regular scheduled quarterly meetings can be arranged. Between formal meetings, there is regular contact with the Portfolio Manager, AIFM, Administrator, Custodian and Depository and the Financial Adviser and Corporate Broker, and an annual strategy day.



Directors’ Report (continued)

Directors’ Attendance at Meetings (continued)

Although some of the Directors hold other listed Board positions, none of these is for a trading company and the Board is satisfied that they have sufficient time

commitment to carry out their duties for the Company as evidenced by their attendance during the year which was as follows:

	Board Meetings		Audit and Risk Committee Meetings		Management Engagement Committee Meetings		Remuneration and Nomination Committee Meetings		Ad hoc Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ashley Paxton	4	4	3	3	1	1	1	1	23	19
Sharon Parr	4	4	3	3	1	1	1	1	23	21
Wendy Dorey	4	4	3	3	1	1	1	1	23	22
Richard Class ¹	4	4	3	3	1	1	1	1	23	17

¹ Richard Class was appointed 1 November 2023.

At the Board meetings, the Directors review the management of the Company’s assets and liabilities and all other significant matters to ensure that the Directors maintain overall control and supervision of the Company’s affairs.

Election of Directors

The election of Directors is set out in the Directors’ Remuneration Report on pages 35 and 36.

Board Performance and Training

On appointment to the Board, Directors will be offered relevant training and induction. Training is an on-going matter as is discussion on the overall strategy of the Company.

On appointment to the Board, each Director considered the expected time needed to discharge their responsibilities effectively. The Directors confirmed that each had sufficient time available and would inform the Board of any subsequent changes.

Since the Company has successfully concluded the process of replacing the scheduled retirements of the legacy Board, and brought its number to four, the Board conducted a board evaluation process in February 2024, the last review having been performed in 2020. Whilst this evaluation was performed internally, as the new Board members are now fully embedded, the Board has appointed a firm to conduct an independent board evaluation in late 2024/early 2025.

Criminal Finances Act 2017

In respect of the Criminal Finances Act 2017 which has introduced a new corporate criminal offence (“CCO”) of ‘failing to take reasonable steps to prevent the facilitation of tax evasion’, the Board confirms that they are committed to zero tolerance towards the criminal facilitation of tax evasion.

Retirement by Rotation

Under the terms of their appointment, each Director is required to retire by rotation and be subject to re-election at least every three years. The Directors are also required to seek re-election if they have already served for more than nine years. The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a director of the Company becoming effective. All Directors typically stand for re-election annually and all were re-elected with votes in favour in excess of 90% at the AGM.

Board Committees and their Activities Terms of Reference

All Terms of Reference of the Board’s Committees are available from the Administrator upon request.

Management Engagement Committee

The Board has established a Management Engagement Committee with formal duties and responsibilities. The Management Engagement Committee commits to meeting at least once a year and comprises the entire

Board. Wendy Dorey serves as chair. The duties and responsibilities include the regular review of the performance, fees and contractual arrangements with the Portfolio Manager and other Service Providers and the preparation of the Committee's annual opinion as to the Portfolio Manager's services.

The Management Engagement Committee carried out its review of the performance and capabilities of the Portfolio Manager at its meeting during the year and the Board recommended the continued appointment of TwentyFour Asset Management LLP as Portfolio Manager to be in the best interest of the Company.

During the year, the Management Engagement Committee initiated a tender process to evaluate a number of different AIFMs. The aim of this process was to establish which AIFM would be able to provide the best service offering and deliver the best value for money. After a full due diligence process and beauty parade, it was decided to appoint Waystone.

The Board conducts an annual strategy day with the Portfolio Manager at their offices and did so in November 2023 when they met with various TwentyFour staff and representatives of Deutsche Numis. In addition, the Board has attended various webinar presentations by the Portfolio Manager.

The Board considers that the interests of Shareholders, as a whole, are best served by the ongoing appointment of the Custodian and Depositary, and the appointment of the new AIFM, to achieve the Company's investment objective.

Audit and Risk Committee

An Audit and Risk Committee has been established consisting of all Directors. Sharon Parr serves as chair. The terms of reference of the Audit and Risk Committee provide that the committee shall be responsible, amongst other things, for reviewing the Interim and Annual Financial Statements, considering the appointment and independence of External Auditors, discussing with the External Auditors the scope of the audit and reviewing the Company's compliance with the AIC Code.

Further details on the Audit and Risk Committee can be found in the Audit and Risk Committee Report on pages 37 to 39.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee has been established consisting of all Directors. Sharon Parr serves as Chair.

The Committee met on 3 September 2024 and diversity of the Board was discussed. It was noted that the current split of the board, comprising 50% men and 50% women, remained within the gender diversity guidelines. Whilst the Board has not met the target to have one director from a minority ethnic background it considers this satisfactory due to the cognitive diversity of the members of the Board and due to the difference in educational and work experience backgrounds of its constituent members.

The Committee also presented an analysis of director fees against relevant industry comparatives. Given the independent board evaluation currently being undertaken, the Committee decided not to award any fee increases but will revisit this aspect in March 2025 when it is due to formally meet next to receive its independent board evaluation.

International Tax Reporting

For purposes of the US Foreign Account Tax Compliance Act, the Company registered with the US Internal Revenue Service ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI"), received a Global Intermediary Identification Number (E5XSVA.99999.SL.831), and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted in Guernsey.

The Board ensures that the Company is compliant with Guernsey regulations and guidance in this regard. The activities of the Company do not constitute relevant activities as defined by the Income Tax (Substance Requirements) (Implementation) Regulations, 2018 (as amended) and as such the Company was out of scope.

Directors’ Report (continued)

Strategy

The strategy for the Company is to capture the illiquidity premium that is associated with ‘off the run’ bond issues. By remaining highly selective and without conceding on underlying credit quality, the strategy targets a monthly distribution of 0.5p per share, with all excess income, as discussed in the Results section of the Directors’ Report on pages 25 and 26, being distributed to investors at the year end of the Company.

Internal Controls

The Board is ultimately responsible for establishing and maintaining the Company’s system of internal financial and operating control and for maintaining and reviewing its effectiveness. The Company’s risk matrix continues to be the core element of the Company’s risk management process in establishing the Company’s system of internal financial and reporting control. The risk matrix is prepared and maintained by the Board which initially identifies the risks facing the Company and then collectively assesses the likelihood of each risk, the impact of those risks and the strength of the controls operating over each risk. The system of internal financial and operating control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

These controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained and the financial information for publication is reliable. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company.

This process has been in place for the year under review and up to the date of approval of this Annual Report and Audited Financial Statements and is reviewed by the Board and is in accordance with the AIC Code.

The AIC Code requires Directors to conduct, at least annually, a review of the Company’s system of internal financial and operating control, covering all controls, including financial, operational, compliance and risk management. The Board has evaluated the systems of internal controls of the Company. In particular, it has prepared a process for identifying and evaluating the significant risks affecting the Company and the policies by which these risks are managed. The Board also considers whether the appointment of an internal auditor is required and has determined that there is no requirement for a direct internal audit function.

The Board has delegated the day-to-day responsibilities for the management of the Company’s investment portfolio, the provision of custodial and depositary services and administration, accounting, registrar and company secretarial functions including the independent calculation of the Company’s NAV and the production of the Annual Report and Financial Statements which are independently audited.

Formal contractual agreements have been put in place between the Company and providers of these services. Even though the Board has delegated responsibility for these functions, it retains accountability for these functions and is responsible for the systems of internal control. At each quarterly Board meeting, compliance reports are provided by the Administrator, Company Secretary, Portfolio Manager, AIFM and Depositary. The Board also receives confirmation from the Administrator of its accreditation under its Service Organisation Controls 1 report.

Significant Shareholdings

Shareholders with holdings of more than 3.0% of the shares of the Company at 8 December 2024 were as follows:

	Number of shares	Percentage of issued share capital
Huntress (CI) Nominees Limited	22,108,401	8.20%
Hargreaves Lansdown (Nominees) Limited <15942>	20,138,532	7.47%
Hargreaves Lansdown (Nominees) Limited <Vra>	15,971,578	5.92%
Interactive Investor Services Nominees Limited	15,720,345	5.83%
Lawshare Nominees Limited <Sipp>	15,162,724	5.62%
Hargreaves Lansdown (Nominees) Limited <Hlnom>	10,188,071	3.78%
Interactive Investor Services Nominees Limited <Tdwhsipp>	9,965,180	3.70%
W B Nominees Limited	8,933,747	3.31%
Lawshare Nominees Limited <Isa>	8,366,023	3.10%

Those invested directly or indirectly in 3.0% or more of the issued share capital of the Company will have similar and proportionate voting rights as other holders of the shares.

Independent Auditor

A resolution for the reappointment of PricewaterhouseCoopers CI LLP was proposed and approved at the AGM on 8 August 2024.

Signed on behalf of the Board of Directors on 11 December 2024 by:

Ashley Paxton
Chair

Sharon Parr
Director

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Audited Financial Statements in accordance with applicable Guernsey law and regulations.

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the Financial Statements in accordance with IFRS Accounting Standards and applicable law.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with these requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Company's Auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

By order of the Board,

Ashley Paxton
Chair
11 December 2024

The Directors are responsible for the oversight of the maintenance and integrity of the corporate and financial information in relation to the Company website; the work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of their knowledge:

- (a) The Financial Statements have been prepared in accordance with IFRS Accounting Standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as at and for the year ended 30 September 2024.
- (b) The Annual Report includes information detailed in the Chair's Statement, Portfolio Manager's Report, Strategic Report, Directors' Report, Statement of Directors' Responsibilities, Directors' Remuneration Report, Audit and Risk Committee Report, Alternative Investment Fund Manager's Report and Depositary Statement provides a fair review of the information required by:
 - (i) DTR 4.1.8 and DTR 4.1.9 of the Disclosure and Transparency Rules, being a fair review of the Company business and a description of the principal risks and uncertainties facing the Company; and
 - (ii) DTR 4.1.11 of the Disclosure and Transparency Rules, being an indication of important events that have occurred since the end of the financial year and the likely future development of the Company.

In the opinion of the Board, the Financial Statements taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Company's position and performance, business model and strategy.

Sharon Parr
Director

Directors' Remuneration Report

The Directors' Remuneration Report has been prepared in accordance with the AIC Code.

Remuneration Policy

The Company's policy in relation to Directors' remuneration is to ensure that the Company maintains a competitive fee structure to recruit, retain and motivate non-executive Directors of excellent quality in the overall interests of Shareholders.

It is the responsibility of the Remuneration and Nomination Committee to determine and approve the Directors' remuneration, who will have given the matter proper consideration, having regard to the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs. The Chair's remuneration is decided separately and is approved by the Board as a whole.

No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long-term incentive plans from the Company.

Remuneration

The Directors of the Company are remunerated for their services at such a rate as the Directors determine, provided that the aggregate amount of such fees does not exceed £250,000 per annum.

Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. No Directors have been paid additional remuneration by the Company outside their normal Directors' fees and expenses.

With respect to the years ended 30 September 2024 and 30 September 2023, the Directors received the following remuneration in the form of Directors' fees:

	2024 £	2023 £
Ashley Paxton (Chair)	45,000	39,348
Sharon Parr (Audit and Risk Committee Chair)	40,000	32,660
Wendy Dorey (MEC Chair)	37,000	23,613
Richard Class (appointed 1 November 2023)	32,099	-
Claire Whittet (resigned 11 August 2023)	-	38,063
Ian Martin (resigned 1 February 2023)	-	12,392
Total	154,099	146,076

Appropriate Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

The Directors were appointed as non-executive Directors by letters issued on the respective dates of appointment. Each

Director's appointment letter provides that, upon the termination of their appointment, that they must resign in writing and all records remain the property of the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation.

Directors' Remuneration Report (continued)

Remuneration (continued)

There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (a) written resignation; (b) unauthorised absences from board meetings for six months or more; (c) unanimous written request of the other Directors; and (d) an ordinary resolution of the Company.

Under the terms of their appointment, each Director is required to retire by rotation and be subject to re-election at least every three years but have opted for annual re-election. The Directors are required to seek re-election

if they have already served for more than nine years. The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a director of the Company becoming effective.

The amounts payable to Directors shown in note 14 to the Financial Statements are for services as non-executive Directors.

No Director has a service contract with the Company, nor are any such contracts proposed.

Signed on behalf of the Board of Directors on 11 December 2024 by:

Sharon Parr
Chair, Remuneration and Nomination Committee

Ashley Paxton
Director



Audit and Risk Committee Report

On the following pages, we present the Audit and Risk Committee's Report, setting out the responsibilities of the Audit and Risk Committee and its key activities for the year ended 30 September 2024.

The Audit and Risk Committee has reviewed the appropriateness of the Company's system of risk management and internal financial and operating controls, the robustness and integrity of the Company's financial reporting, along with the external audit process. The Audit and Risk Committee has devoted time to ensuring that controls and processes have been properly established, documented and implemented. The Company's risk exposure and the effectiveness of its risk management and internal control systems are contained within the Company's risk matrix, and the risk matrix was regularly reviewed by the Audit and Risk Committee during the year and subsequently by the Board.

During the year, the information that the Audit and Risk Committee received has been timely and clear and has enabled the Committee to discharge its duties effectively.

Role and Responsibilities

The primary function of the Audit and Risk Committee is to assist the Board in fulfilling its oversight responsibilities. This includes reviewing the financial reports and other financial information and any significant financial judgement contained therein, before publication.

In addition, on a continuing basis, the Audit and Risk Committee reviews the systems of internal financial and operating controls which the Administrator, Portfolio Manager, AIFM, Custodian, Depositary and the Board have established with respect to finance, accounting, risk management, compliance, fraud and audit. The Audit and Risk Committee also reviews the accounting and financial reporting processes, along with reviewing the roles, independence and effectiveness of the External Auditor.

The ultimate responsibility for reviewing and approving the Annual and Interim Financial Statements remains with the Board.

The Audit and Risk Committee's full terms of reference can be obtained by contacting the Company's Administrator.

Risk Management and Internal Control

The Board considers the nature and extent of the Company's risk management framework and the risk profile that is acceptable in order to achieve the Company's strategic objectives. As a result, it is considered that the Board has fulfilled its obligations under the AIC Code.

The Audit and Risk Committee continues to be responsible for reviewing the adequacy and effectiveness of the Company's on-going risk management systems and processes. Its system of internal controls, along with its design and operating effectiveness, is subject to review by the Audit and Risk Committee through reports received from the Portfolio Manager, AIFM and Custodian and Depositary, along with those from the Administrator and External Auditor.

Fraud, Bribery and Corruption

The Board has relied on the overarching requirement placed on the Service Providers under the relevant agreements to comply with applicable law, including anti-bribery laws. A review of the Service Provider policies took place at the Management Engagement Committee Meeting on 5 March 2024. The Board receives confirmation from all Service Providers that they have not been involved in any fraud, bribery or corruption.

Financial Reporting and Significant Financial Issues

The Audit and Risk Committee assesses whether suitable accounting policies have been adopted and whether the Portfolio Manager has made appropriate estimates and judgements. The Audit and Risk Committee reviews accounting papers prepared by the Portfolio Manager and Administrator which provide details on the main financial reporting judgements.

The Audit and Risk Committee also reviews reports by the External Auditors which highlight any issues with respect to the work undertaken on the audit.

The significant areas considered during the year by the Audit and Risk Committee in relation to the Financial Statements and how they were addressed are detailed below:

Audit and Risk Committee Report (continued)

Financial Reporting and Significant Financial Issues (continued)

(i) Valuation of investments:

The Company's investments had a fair value of £205,443,235 as at 30 September 2024 with 262,574,331 shares in issue (30 September 2023: £176,435,682 with 240,824,331 shares in issue) and represents the key constituent of net assets of the Company. These investments are valued in accordance with the Accounting Policies set out in notes 2 and 3 to the Financial Statements. The Audit and Risk Committee considered the valuation of the investments held by the Company as at 30 September 2024 to be reasonable based on information provided by the Portfolio Manager, AIFM, Administrator, Custodian and Depository on their processes for the valuation of these investments. In order to obtain more accurate pricing information a range of pricing sources, including model-based valuations for a small minority of positions, has been used.

(ii) Income recognition:

The Audit and Risk Committee considered the calculation of income from investments recorded in the Financial Statements for the year ended 30 September 2024. As disclosed in note 3(ii)(b) of the Notes to the Financial Statements, the estimated life of credit securities is determined by the Portfolio Manager and can impact the effective interest rate of the credit securities which in turn could impact the calculation of income from investments. The Board reviews relevant information supplied by the Portfolio Manager, on an ongoing basis, which presents the expected life of the Company's investments and have found them to be reasonable based on the explanations provided and information obtained from the Portfolio Manager. The External Auditor also reviews the processes and methodology supporting this information. The Audit and Risk Committee was satisfied that income was appropriately stated in all material aspects in the Financial Statements.

Following a review of the presentations and reports from the Portfolio Manager and Administrator and consulting where necessary with the External Auditor, the Audit and Risk Committee is satisfied that the Financial Statements appropriately address, both in respect to the amounts reported and the disclosures, the critical judgements and key estimates. The Audit and Risk Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately reviewed, challenged and are sufficiently robust.

To understand and monitor the Company stakeholder universe, the Audit and Risk Committee maintains a stakeholder matrix. This aims to identify stakeholder interests and monitor how these evolve and potentially impact the Company today and in the future. The matrix is reviewed at least annually.

The Company's reporting currency is sterling even though a significant proportion of the investments owned are denominated in other currencies. The Company operates a hedging strategy designed to mitigate the impact of foreign currency rate changes on the performance of the Company. The Audit and Risk Committee has used information from the Administrator and Portfolio Manager to satisfy itself concerning the effectiveness of the hedging process, as well as to confirm that realised and unrealised foreign currency gains and losses have been correctly recorded, and to reaffirm that the use of sterling as the Company's functional currency remains appropriate.

At the Audit and Risk Committee meeting to review the Annual Report and Audited Financial Statements, the Audit and Risk Committee received a report and presentation from its External Auditor on the key findings from its audit, and the Audit and Risk Committee is consequently satisfied that the External Auditor has fulfilled its responsibilities with diligence and professional scepticism. The Audit and Risk Committee advised the Board that these Annual Financial Statements, taken as a whole, are fair, balanced and understandable.

The Audit and Risk Committee is satisfied that the judgements made by the Portfolio Manager and Administrator are reasonable, and that appropriate disclosures have been included in the Financial Statements.

External Auditor

The Audit and Risk Committee has responsibility for making a recommendation on the appointment, re-appointment and removal of the External Auditor.

During the year, the Audit and Risk Committee received and reviewed audit plans and reports from the External Auditor. As standard practice, the External Auditor meets privately with the Audit and Risk Committee without the Portfolio Manager and other Service Providers being present.

To assess the effectiveness of the external audit process, the Auditor was asked to articulate the steps that they have taken to ensure objectivity and independence, including where the Auditor provides non-audit services. The Audit and Risk Committee monitors the Auditor's performance, behaviour and effectiveness during the exercise of their duties, which informs the decision to recommend reappointment on an annual basis. Other than the interim review for the period ended 31 March 2024, no non-audit services have been performed for the Company by the Auditor.

The Company is considered to be a market traded company based on the Institute of Chartered Accountants in England and Wales Crown Dependencies' Audit Rules

and Guidance. As such, the Auditor is required to apply the FRC Ethical Standards of 2019.

The FRC Ethical Standards require that the audit engagement leaders on listed entities are rotated at least every 5 years. Adrian Peacegood is currently in his second year as the Company's audit engagement leader and may serve for a maximum of five years.

The following table summarises the remuneration paid to PwC and to other PwC member firms for audit and non-audit services in respect of the year ended 30 September 2024 and for the year ended 30 September 2023.

	Year ended 30.09.24	Year ended 30.09.23
PricewaterhouseCoopers CI LLP - Assurance work	£	£
- Annual audit of the Company	144,876	109,250
- Interim review (audit related non-audit services)	27,467	23,320
PricewaterhouseCoopers CI LLP - Non assurance work	nil	nil
- Ratio of assurance to non-assurance work	100% / nil	100% / nil

For any questions on the activities of the Audit and Risk Committee not addressed in the foregoing, a member of the Audit and Risk Committee remains available to attend each AGM to respond to such questions.

The Audit and Risk Committee and Risk Report was approved by the Audit and Risk Committee and signed on its behalf by:

Sharon Parr
Chair, Audit and Risk Committee
11 December 2024

Alternative Investment Fund Manager's Report

Apex Fundrock Limited

Apex Fundrock Limited, acted as the Alternative Investment Fund Manager ("Apex") of the Company providing portfolio management and risk management services to the Company until 11 June 2024.

Apex delegated the following of its alternative investment fund management functions:

- It delegated the portfolio management function for listed and unlisted investments to TwentyFour Asset Management LLP.

Apex was required by the Alternative Investment Fund Managers Directive 2011, 61/EU (the "AIFM Directive") and all applicable rules and regulations implementing the AIFM Directive in the UK (the "AIFM" Rules):

- to make the annual report available to investors and to ensure that the annual report is prepared in accordance with applicable accounting standards, the Company's articles of incorporation and the AIFM Rules and that the annual report is audited in accordance with International Standards on Auditing;
- be responsible for the proper valuation of the Company's assets, the calculation of the Company's net asset value and the publication of the Company's net asset value;
- to make available to the Company's shareholders, a description of all fees, charges and expenses and the amounts thereof, which have been directly or indirectly borne by them; and
- ensure that the Company's shareholders have the ability to redeem their share in the capital of the Company in a manner consistent with the principle of fair treatment of investors under the AIFM Rules and in accordance with the Company's redemption policy and its obligations.

Apex was required to ensure that the annual report contained a report that shall include a fair and balanced review of the activities and performance of the Company, containing also a description of the principal risks and investment or economic uncertainties that the Company might face.

AIFM Remuneration

Apex was subject to a staff remuneration policy which meets the requirements of the AIFM Directive. The policy is designed to ensure remuneration practices are consistent with, and promote, sound and effective risk management. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or instrument of incorporation of the funds managed, and does not impair Apex's compliance with its duty to act in the best interests of the funds it manages.

Apex reviewed the Remuneration Policy and its application in the last year which has resulted in no material changes to the policy or irregularities to process.

This disclosure does not include staff undertaking portfolio management activities as these are undertaken by TwentyFour Asset Management LLP. The Portfolio Manager is required to make separate public disclosure as part of their obligations under the Capital Requirements Directive.

Apex also acts as Authorised Corporate Director (ACD) for non-Alternative Investment Funds ("AIFs"). It is required to disclose the total remuneration it pays to its staff during the financial year of the Company, split into fixed and variable remuneration, with separate aggregate disclosure for staff whose actions may have a material impact to the risk profile of a fund or Apex itself. This includes executives, senior risk and compliance staff and certain senior managers.



	Number of Beneficiaries	Fixed £	Variable £
Total remuneration paid by the ACD during the year	14	1,517,000	400,000
Remuneration paid to employees of the ACD who are material risk takers	4	743,000	254,000

Further information is available in Apex's Remuneration Policy Statement which can be obtained from our website or, on request free of charge, by writing to the registered office of Apex.

In so far as Apex is aware:

- there is no relevant audit information of which the auditor of the Company or the board of directors of the Company are unaware; and

- Apex has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditor is aware of that information.

We hereby certify that this report is made on behalf of Apex Fundrock Ltd.

S J Gunson
P Foley-Brickley
Directors
Apex Fundrock Ltd



Alternative Investment Fund Manager's Report

Waystone Management Company (IE) Limited

Waystone Management Company (IE) Limited acts as the Alternative Investment Fund Manager ("AIFM") of TwentyFour Select Monthly Income Fund Limited ("the Company") providing portfolio management and risk management services to the Company. This report covers the period from 11 June 2024 (date of our appointment) to 30 September 2024.

The AIFM has delegated the following of its alternative investment fund management functions:

- It has delegated the portfolio management function for listed and unlisted investments to TwentyFour Asset Management LLP.

The AIFM is required by the Alternative Investment Fund Managers Directive 2011, 61/EU (the "AIFM Directive") and all applicable rules and regulations implementing the AIFM Directive in Ireland (the "AIFM" Rules):

- to make the annual report available to investors and to ensure that the annual report is prepared in accordance with applicable accounting standards, the Company's articles of incorporation and the AIFM Rules and that the annual report is audited in accordance with International Standards on Auditing;
- be responsible for the proper valuation of the Company's assets, the calculation of the Company's net asset value and the publication of the Company's net asset value;
- to make available to the Company's Shareholders, a description of all fees, charges and expenses and the amounts thereof, which have been directly or indirectly borne by them; and
- ensure that the Company's Shareholders have the ability to redeem their share in the capital of the Company in a manner consistent with the principle of fair treatment of investors under the AIFM Rules and in accordance with the Company's redemption policy and its obligations.

The AIFM is required to ensure that the annual report contains a report that shall include a fair and balanced review of the activities and performance of the Company, containing also a description of the principal risks and investment or economic uncertainties that the Company might face.

AIFM Remuneration

The AIFM has designed and implemented a remuneration policy (the "Policy") in line with the provisions of S.I. 257 of 2013 European Union (Alternative Investment Fund Managers) Regulations 2013 (the "AIFM Regulations"), S.I. 352 of 2011 European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the "UCITS Regulations") and of the ESMA Guidelines on sound remuneration policies under the UCITS Directive and AIFMD (the "ESMA Guidelines"). The Policy is designed to ensure that the remuneration of key decision makers is aligned with the management of short and long-term risks, including the oversight and where appropriate the management of sustainability risks in line with the Sustainable Finance Disclosure Regulations.

The AIFM's remuneration policy applies to its identified staff whose professional activities might have a material impact on the Company's risk profile and so covers senior management, risk takers, control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profile of the Company. The AIFM's policy is to pay identified staff a fixed component with the potential for identified staff to receive a variable component. It is intended that the fixed component will represent a sufficiently high proportion of the total remuneration of the individual to allow the AIFM to operate a fully flexible policy, with the possibility of not paying any variable component. When the AIFM pays a variable component as performance related pay certain criteria, as set out in the AIFM's remuneration policy, must be adhered to. The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the relevant staff rank and professional activity as well as best market practice. The AIFM's remuneration policy is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the funds it manages.

These disclosures are made in respect of the remuneration policies of the AIFM. The disclosures are made in accordance with the ESMA Guidelines.

Total remuneration (in EUR) paid to the identified staff of the AIFM fully or partly involved in the activities of the Company that have a material impact on the Company's

risk profile during the financial year to 31 December 2023 (the AIFM's financial year):

Fixed remuneration	EUR	GBP
Senior Management	1,578,804	1,313,620
Other identified staff	-	-
Variable remuneration		
Senior Management	28,006	23,302
Other identified staff	-	-
Total remuneration paid	1,606,810	1,336,922

No of identified staff – 17

Neither the AIFM nor the Company pays any fixed or variable remuneration to identified staff of the Portfolio Manager.

There have been no material changes made to the Remuneration Policy or the AIFM's remuneration practices and procedures during the financial year.

In so far the AIFM is aware:

- there is no relevant audit information of which the auditor of the Company or the board of directors of the Company are unaware; and

- The AIFM has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditor is aware of that information.

We hereby certify that this report is made on behalf of the AIFM, Waystone Management Company (IE) Limited.

Andrew Kehoe
Waystone Management Company (IE) Limited

11 December 2024



Depository Statement

For the year ended 30 September 2024

Report of the Depository to the Shareholders

Northern Trust (Guernsey) Limited has been appointed as Depository to TwentyFour Select Monthly Income Fund Limited (the "Company") in accordance with the requirements of Article 36 and Articles 21(7), (8) and (9) of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the "AIFM Directive").

We have enquired into the conduct of Apex Fundrock Limited (the "AIFM" until 11 June 2024), Waystone Management Company (IE) Limited (the "AIFM" from 11 June 2024) and the Company for the year ended 30 September 2024, in our capacity as Depository to the Company.

This report including the review provided below has been prepared for and solely for the Shareholders of the Company. We do not, in giving this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Our obligations as Depository are stipulated in the relevant provisions of the AIFM Directive and the relevant sections of Commission Delegated Regulation (EU) No 231/2013 (collectively the "AIFMD legislation") and The Authorised Closed-Ended Investment Scheme Rules and Guidance, 2021.

Amongst these obligations is the requirement to enquire into the conduct of the AIFM and the Company and their delegates in each annual accounting period.

Our report shall state whether, in our view, the Company has been managed in that period in accordance with the AIFMD legislation. It is the overall responsibility of the AIFM and the Company to comply with these provisions. If the AIFM, the Company or their delegates have not so complied, we as the Depository will state why this is the case and outline the steps which we have taken to rectify the situation.

The Depository and its affiliates are or may be involved in other financial and professional activities which may on occasion cause a conflict of interest with its roles with respect to the Company. The Depository will take reasonable care to ensure that the performance of its duties will not be impaired by any such involvement and that any conflicts which may arise will be resolved fairly and any transactions between the Depository and its affiliates and the Company shall be carried out as if effected on normal commercial terms negotiated at arm's length and in the best interests of Shareholders.

Basis of Depository Review

The Depository conducts such reviews as it, in its reasonable discretion, considers necessary in order to comply with its obligations and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the constitutional documentation and the appropriate regulations. Such reviews vary based on the type of fund, the assets in which a fund invests and the processes used, or experts required, in order to value such assets.

Review

In our view, the Company has been managed during the year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional document; and by the AIFMD legislation; and
- (ii) otherwise in accordance with the provisions of the constitutional document; and the AIFMD legislation.

**For and on behalf of
Northern Trust (Guernsey) Limited
11 December 2024**

Independent Auditor's Report

To the Members of TwentyFour Select Monthly Income Fund Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of TwentyFour Select Monthly Income Fund Limited (the "company") as at 30 September 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The company's financial statements comprise:

- the statement of financial position as at 30 September 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements of the company, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- The company is incorporated and based in Guernsey.
- We conducted our audit of the financial statements based upon the financial records maintained by Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator") to whom the Board of directors (the "Board") has delegated the administration functions of the company. The Board engages TwentyFour Asset Management LLP (the "Portfolio Manager") to manage the company's investment portfolio. We had significant interaction with both the Administrator and the Portfolio Manager during our audit.
- We conducted all our audit work in Guernsey.
- We tailored the scope of our audit taking into account the types of investments held by the company, the accounting processes and controls, and the industry in which the company operates

Key audit matters

- Valuation of investments

Materiality

- Overall materiality: £4.40 million (2023: £3.63 million) based on 2% of total net assets.
- Performance materiality: £3.30 million (2023: £2.72 million).

Independent Auditor's Report (continued)

To the Members of TwentyFour Select Monthly Income Fund Limited

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of Investments</p> <p>Investments are designated as financial assets at fair value through profit or loss on the statement of financial position with a fair value of £205.4 million as at 30 September 2024 which represent a significant balance on the statement of financial position.</p> <p>The company's investment policy is to invest in a diversified portfolio of credit securities that are measured at fair value in accordance with the policies set out in note 2(e) to the financial statements. The fair value of investments and movement therein are further disclosed in notes 9 and 17 respectively to the financial statements.</p> <p>To determine the fair value of these investments, the Portfolio Manager obtains prices from independent pricing service providers, third party brokers or dealers for the relevant investments which may be indicative rather than tradable. If these are unavailable, the Portfolio Manager will determine the valuation based on either comparable arm's length transaction, referenced to other securities that are substantially the same, discounted cash flow analysis or other valuation techniques commonly used by market participants. The Portfolio Manager has also engaged an independent valuation expert to provide the valuation of investments classified as level 3 amounted to £6.38 million as at 30 September 2024.</p>	<ul style="list-style-type: none"> • We obtained an understanding of and evaluated the internal control environment in place at the Administrator and the Portfolio Manager over the valuation of investments. • We assessed compliance of the accounting policy for investment valuation with IFRS Accounting Standards. • We sought to independently reprice the company's investment portfolio. Prices were obtained from a range of independent sources, including exchange traded and consensus prices: <ul style="list-style-type: none"> > Where we were unable to obtain independent prices, or individual investment prices obtained exceeded our initial tolerable variance threshold, supporting evidence for these prices was obtained from the Administrator and/or the Portfolio Manager. > We also assessed the independence, reputation, and reliability of the evidence obtained and evaluated all variances exceeding our tolerable thresholds. • To verify the integrity of prices obtained, for a sample of investment disposals, we compared the disposal price to the most recently recorded valuation prior to the disposal. • Where the Portfolio Manager has engaged an independent valuation expert to value level 3 investments:

Key audit matter

Investment valuations are subject to estimates and assumptions underlying each security as detailed under note 3(ii) to the financial statements.

Owing to the significance of the carrying value to the financial statements, the level of subjectivity that could be applied in measuring the investments at fair value, the risk of manipulation or error could be material and as a result we have designated the valuation of investments as a key audit matter.

How our audit addressed the key audit matter

- > We understood the valuation methodology and assessed its appropriateness, being discounted cash flow modelling.
- > We selected a sufficient and appropriate sample and obtained the models directly from the management's independent valuation expert;
- > For the selected sample, we understood how the inputs were derived and agreed the valuation inputs, such as collateral loan amounts, interest rates and maturity dates to the underlying source data;
- > We engaged our auditor's expert to assess the methodology and assumptions (such as prepayments, defaults and the discount rate) used in independent valuation expert's model for one investment.
- > We assessed the independence, reputation, competence and objectivity of the independent valuation expert and reliability of their work through reviewing their terms of engagement, industry research and discussion with our auditor's expert;

Based on our work performed, we did not identify any material matters to report to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, the industry in which the company operates, and we considered the risk of climate change and the potential impact thereof on our audit approach.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£4.40 million (2023: £3.63 million).
How we determined it	2% of total net assets.
Rationale for benchmark applied	We believe that total net assets is the most appropriate benchmark because this is the key metric of interest to investors. It is also a generally accepted measure used for companies in this industry.

Independent Auditor's Report (continued)

To the Members of TwentyFour Select Monthly Income Fund Limited

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £3.30 million (2023: £2.72 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £219,700 (2023: £181,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all the information included in the Annual Report and Audited Financial Statements (the "Annual Report") but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Company Law exception reporting

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Independent Auditor's Report (continued)

To the Members of TwentyFour Select Monthly Income Fund Limited

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

The company has reported compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the company's obligations, as an investment company, under the Listing Rules of the FCA.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Strategic Report and Directors' Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Adrian Peacegood
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
11 December 2024

Statement of Comprehensive Income

For the year ended 30 September 2024

		Year ended 30.09.24	Year ended 30.09.23
Income	Notes	£	£
Interest income on financial assets at fair value through profit and loss		18,611,253	17,719,752
Net foreign currency gains	8	7,544,367	4,130,260
Net gains on financial assets at fair value through profit or loss	9	15,802,148	7,278,794
Total income		41,957,768	29,128,806
Expenses			
Portfolio management fees	14	(1,466,346)	(1,306,509)
Directors' fees	14	(154,099)	(146,076)
Administration fees	15	(133,678)	(122,003)
AIFM management fees	15	(80,933)	(82,178)
Audit fees		(144,876)	(109,250)
Custody fees	15	(19,777)	(20,281)
Broker fees		(50,620)	(50,446)
Depositary fees	15	(32,080)	(28,623)
Legal and other professional fees		(93,018)	(50,634)
Listing fees		(98,520)	(90,568)
Other expenses		(183,912)	(180,600)
Total expenses		(2,457,859)	(2,187,168)
Total comprehensive income for the year*		39,499,909	26,941,638
Earnings per Ordinary Share -			
Basic & Diluted	4	0.160	0.114

All items in the above statement derive from continuing operations.

The accompanying notes are an integral part of these Financial Statements.

*There was no other comprehensive income during the year.

Statement of Financial Position

As at 30 September 2024

		30.09.24	30.09.23
Assets	Notes	£	£
Current assets			
Financial assets at fair value through profit and loss			
- Investments	9	205,443,235	176,435,682
- Derivative assets: Forward currency contracts	17	1,215,217	373
Shares issued receivable		850,800	-
Amounts due from broker		10,000,913	591,537
Other receivables	10	3,659,262	3,770,602
Cash and cash equivalents		7,589,458	5,302,091
Total current assets		228,758,885	186,100,285
Liabilities			
Current liabilities			
Amounts due to broker		6,997,137	937,392
Other payables	11	1,994,378	1,662,752
Financial liabilities at fair value through profit and loss			
- Derivative liabilities: Forward currency contracts	17	-	1,811,101
Total current liabilities		8,991,515	4,411,245
Total net assets		219,767,370	181,689,040
Equity			
Share capital account	12	237,596,788	219,836,492
Retained earnings		(17,829,418)	(38,147,452)
Total equity		219,767,370	181,689,040
Ordinary Shares in issue (excluding treasury shares)	12	262,574,331	240,824,331
Net Asset Value per Ordinary Share (pence)	6	83.70	75.44

The Financial Statements on pages 51 to 83 were approved by the Board of Directors on 11 December 2024 and signed on its behalf by:

Ashley Paxton
Chair

Sharon Parr
Director

The accompanying notes are an integral part of these Financial Statements.

Statement of Changes in Equity

For the year ended 30 September 2024

		Share capital account	Retained earnings	Total
	Note	£	£	£
Balance at 1 October 2023		219,836,492	(38,147,452)	181,689,040
Reissue of treasury shares		3,183,534	-	3,183,534
Issue of shares		15,325,836	-	15,325,836
Share issue costs		(212,529)	-	(212,529)
Repurchased tendered shares in treasury		(369,501)	-	(369,501)
Income equalisation on new issues	5	(167,044)	167,044	-
Dividends paid		-	(19,348,919)	(19,348,919)
Total comprehensive income for the year		-	39,499,909	39,499,909
Balance at 30 September 2024		237,596,788	(17,829,418)	219,767,370

		Share capital account	Retained earnings	Total
	Note	£	£	£
Balance at 1 October 2022		201,561,499	(50,226,621)	151,334,878
Issue of shares		21,160,665	-	21,160,665
Share issue costs		(248,637)	-	(248,637)
Repurchased tendered shares in treasury		(2,497,538)	-	(2,497,538)
Income equalisation on new issues	5	(139,497)	139,497	-
Dividends paid		-	(15,001,966)	(15,001,966)
Total comprehensive income for the year		-	26,941,638	26,941,638
Balance at 30 September 2023		219,836,492	(38,147,452)	181,689,040

The accompanying notes are an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 30 September 2024

	Notes	Year ended 30.09.24	Year ended 30.09.23
		£	£
Cash flows from operating activities			
Total comprehensive income for the year		39,499,909	26,941,638
Adjustments for:			
Net gains on financial assets at fair value through profit or loss	9	(15,802,148)	(7,278,794)
Amortisation adjustment under effective interest rate method	9	(1,866,563)	(2,243,398)
Unrealised (gains)/losses on forward currency contracts	8	(3,025,945)	60,252
Exchange (gain)/loss on cash and cash equivalents		(9,286)	3,335
Decrease/(increase) in other receivables	10	111,340	(686,052)
Increase in other payables	11	232,876	13,973
Purchase of investments		(85,627,293)	(51,463,187)
Sale of investments		70,938,820	34,666,237
Net cash generated from operating activities		4,451,710	14,004
Cash flows from financing activities			
Proceeds from issue of ordinary shares	12	14,475,036	21,160,665
Payment for purchase of own shares into treasury	12	(369,501)	(2,497,538)
Proceeds from re-issuance of treasury shares	12	3,183,534	-
Share issue costs	12	(212,529)	(248,637)
Dividends paid		(19,250,169)	(13,797,844)
Net cash (used in)/generated from financing activities		(2,173,629)	4,616,646
Increase in cash and cash equivalents		2,278,081	4,630,650
Cash and cash equivalents at beginning of year		5,302,091	674,776
Exchange gain/(loss) on cash and cash equivalents		9,286	(3,335)
Cash and cash equivalents at end of year		7,589,458	5,302,091

The accompanying notes are an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended 30 September 2024

1. General information

TwentyFour Select Monthly Income Fund Limited (the "Company") was incorporated with limited liability in Guernsey, as a closed-ended investment company on 12 February 2014. The Company's Shares were listed with a Premium Listing on the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange ("LSE") on 10 March 2014.

The investment objective and policy is set out in the Summary Information on page 5.

The Portfolio Manager of the Company is TwentyFour Asset Management LLP (the "Portfolio Manager").

2. Material accounting policies

a) Basis of preparation and statement of compliance

The Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and are in compliance with The Companies (Guernsey) Law, 2008.

b) Presentation of information

The Financial Statements have been prepared on a going concern basis under the historical cost convention adjusted to take account of the revaluation of the Company's financial assets and liabilities at fair value through profit or loss. Additional commentary on going concern is on page 25.

c) Standards, amendments and interpretations effective during the year

The following standards, interpretations and amendments were adopted for the year ended 30 September 2024:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and
- Definition of Accounting Estimates (Amendments to IAS 8).

The adoption of the above standards did not have a material impact on the financial statements of the Company. There are no other standards, amendments and interpretations effective during the year that are deemed material to the Company.

d) Standards, amendments and interpretations issued but not yet effective

At the reporting date of these financial statements, the following standards, interpretations and amendments, which have not been applied to these financial statements, were in issue but not yet effective:

- Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) (applicable to accounting periods beginning on or after 1 January 2024);
- General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and Climate-related Disclosures (IFRS S2) (applicable to accounting periods beginning on or after 1 January 2024);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) (applicable to accounting periods beginning on or after 1 January 2024);
- Lack of Exchangeability (Amendments to IAS 21) (applicable to accounting periods beginning on or after 1 January 2025);
- Classification and Measurement of Financial Instruments (Amendments to IFRS 7 and IFRS 9) (applicable to periods beginning on or after 1 January 2026); and
- Presentation and Disclosures in Financial Statements (IFRS 18) (applicable to accounting periods beginning on or after 1 January 2027).

The Board anticipates that the adoption of the above standards, effective in future periods, will not have a material impact on the financial statements of the Company.

e) Financial assets and financial liabilities at fair value through profit or loss

Classification

The Company classifies its investments in debt securities and derivatives as financial assets and liabilities at fair value through profit or loss.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are managed and their performance is evaluated on a fair value basis in accordance with the Company's investment objective, which is to generate attractive risk adjusted returns, principally through income distributions, by investing in a diversified portfolio of credit securities.

Notes to the Financial Statements (continued)

For the year ended 30 September 2024

2. Material accounting policies (continued)

e) Financial assets and financial liabilities at fair value through profit or loss (continued)

Classification (continued)

The Company's policy requires the Portfolio Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Recognition, derecognition and measurement

Regular purchases and sales of investments (securities and derivatives) are recognised on the trade date, that is, the date on which the Company commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, discharged, cancelled or expired.

The Company may invest in any category of credit security, including, without prejudice to the generality of the foregoing, bank capital, corporate bonds, high yield bonds, leveraged loans, payment-in-kind notes and asset-backed securities. The Company records any principal repayments as they arise and realises a gain or loss in the net gains on financial assets at fair value through profit or loss in the Statement of Comprehensive Income in the period in which they occur.

The interest income arising on these credit securities is recognised on a time-proportionate basis using the effective interest rate method and shown within income in the Statement of Comprehensive Income.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date.

(i) Credit securities traded or dealt on an active market or exchange

Credit 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 the Portfolio Manager deems the mid-market price to be a reasonable approximation of an exit price.

(ii) Credit securities not traded or dealt on an active market or exchange

Credit securities which are not traded or dealt on active markets or exchanges are valued by reference to their mid-price, as at the close of business on the reporting date as determined by pricing Service Providers that use broker dealer quotations, reported trades or valuation estimates from their internal pricing models. If a price cannot be obtained from an independent price vendor, or where the Portfolio Manager determines that the provided price is not an accurate representation of the fair value of the Credit security, the Portfolio Manager will source mid-price quotes at the close of business on the reporting date from independent third party brokers/dealers for the relevant security. If no mid-price is available then a bid-price will be used.

In cases where no third party price is available (either from an independent price vendor or independent third party brokers/dealers), or where the Portfolio Manager determines that the provided price is not an accurate representation of the fair value of the Credit security, the Portfolio Manager may use a third party valuation in line with the fair value policy of the Company. This may include the use of a comparable arm's length transaction, independent third party valuation experts, 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.

Forward foreign currency contracts

Forward foreign currency contracts are derivative contracts and as such are recognised at fair value on the date on which they are entered into and subsequently measured at their

fair value. Fair value is determined from underlying asset prices indices, reference rates and other observable inputs. These instruments are normally valued by pricing Service Providers or by utilising broker or dealer quotations. All forward foreign currency contracts are carried as assets when fair value is positive and as liabilities when fair value is negative. Gains and losses on forward currency contracts are recognised as part of net foreign currency gains in the Statement of Comprehensive Income.

Expected credit loss

Financial assets that are stated at cost or amortised cost are reviewed at each reporting date in line with the expected credit loss policy. An expected credit loss is recognised in the Statement of Comprehensive Income as the difference between the carrying value and the estimated recoverable value of the financial assets.

The expected credit loss ("ECL") model applies to financial assets measured at amortised cost and the standard mandates the use of the simplified approach to calculating the expected credit losses for amounts due from broker, shares issued receivable and other receivables. The ECL calculation is based on the Company's historical default rates over the expected life of the trade receivables. Given the historical level of defaults on trade receivables, there is a negligible impact because of the lifetime expected credit loss to be recognised.

Cash and cash equivalents are also subject to the ECL requirements of IFRS 9 and the ECL is assessed as immaterial.

Swap contracts

Swap contracts are derivative contracts and as such are recognised at fair value on the date on which they are entered into and subsequently measured at their fair value. All swap contracts are carried as assets when fair value is positive and as liabilities when fair value is negative.

Gains and losses on swap contracts are recognised as part of net gains on derivative assets – swap contracts in the Statement of Comprehensive Income.

f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the

recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Derivatives are not settled on a net basis and therefore derivative assets and liabilities are shown gross.

g) Amounts due from and due to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date, respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

h) Interest income

Interest income is recognised on a time-proportionate basis using the effective interest rate method. Discounts received or premiums paid in connection with the acquisition of credit securities are amortised into interest income using the effective interest rate method over the expected life of the related security.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Portfolio Manager estimates cash flows considering the expected life of the financial instrument, including future credit losses and deferred interest payments. The calculation includes all fees and amounts paid or received between parties to the contract that are an integral part of the effective interest rate and all other premiums or discounts.

i) Cash and cash equivalents

Cash and cash equivalents comprise deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and for purposes of cash and cash equivalents, excluding bank overdrafts. Bank overdrafts are included in current liabilities in the Statement of Financial Position.

Notes to the Financial Statements (continued)

For the year ended 30 September 2024

2. Material accounting policies (continued)

j) Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares are shown in equity as a deduction, net of tax, from the proceeds and disclosed in the Statement of Changes in Equity.

Repurchased tendered shares are treated as a distribution of capital and deducted from the Share Capital account. These shares are held in Treasury.

k) Retained earnings

Retained earnings consist of equalisation on issues of new shares, dividends paid and total comprehensive income for the year.

l) Foreign currency translation

Functional and presentation currency

Items included in the Financial Statements are measured using sterling, the currency of the primary economic environment in which the Company operates (the "functional currency"). The Financial Statements are presented in sterling, which is the Company's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the Statement of Financial Position date.

All foreign exchange gains and losses are presented in the Statement of Comprehensive Income. Foreign exchange gains and losses relating to forward currency contracts, receivables and payables are presented in the statement of comprehensive income within 'net foreign currency gains/(losses)'.

Foreign exchange gains and losses relating to investments are presented in the Statement of Comprehensive Income within 'Net gains/(losses) on financial assets at fair value through profit or loss'.

m) Transaction costs

Transaction costs on financial assets and liabilities at fair value through profit or loss include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the Statement of Comprehensive Income.

n) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. The Board is of the opinion that the Company is engaged in a single segment of business, being investments in credit securities. The Board manages the business in this way. For additional information refer to note 18.

o) Expenses

All expenses are included in the Statement of Comprehensive Income on an accruals basis and are recognised through profit or loss in the Statement of Comprehensive Income.

p) Other receivables

Other receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less expected credit losses.

q) Other payables

Other payables are obligations to pay for services that have been acquired in the ordinary course of business. Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

r) Dividends paid

Dividend distributions due to the Company's Shareholders are recognised as liabilities in the Company's financial statements and disclosed in the Statement of Changes in Equity in the period in which the dividends are approved by the Board.

s) Income equalisation on new issues/tendered shares repurchased

In order to ensure there are no dilutive effects on earnings per share for current Shareholders when issuing new shares, or when repurchasing tendered shares, a transfer is made between share capital and other reserves to reflect that amount of income included in the purchase price of the new shares or the repurchase price of the tendered shares.

t) Treasury shares

The Company has the right to issue and purchase up to 14.99% of the total number of its own shares, as disclosed in note 12.

Shares held in Treasury are excluded from calculations when determining earnings per Ordinary Share or Net Asset Value per Ordinary Share as detailed in notes 4 and 6.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(i) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements:

Functional currency

As disclosed in note 2(l), the Company's functional currency is sterling.

Sterling is the currency in which the Company measures its performance and reports its results. Where investments are dominated in other currencies, the Portfolio Manager enters into hedging arrangements to translate the value of those investments into sterling using spot and forward foreign exchange contracts. Additionally, investors buy shares in and receive dividends from the

Company in sterling. Expenses incurred by the Company are also in sterling.

Consequently, the Board believes that sterling best represents the functional currency of the Company.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising which are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Fair value of securities not quoted in active markets

The Company carries its investments in credit securities at fair value, with changes in value being recognised in the Statement of Comprehensive Income. In cases where prices of credit securities are not quoted in an active market, the Portfolio Manager will obtain prices determined at the close of business on the reporting date from an independent price vendor. The Portfolio Manager exercises its judgement on the quality of the independent price vendor and information provided. If a price cannot be obtained from an independent price vendor or where the Portfolio Manager determines that the provided price is not an accurate representation of the fair value of the credit security, the Portfolio Manager will source prices from independent third party brokers or dealers for the relevant security, which may be indicative rather than tradable. Where no third party price is available, or where the Portfolio Manager determines that the third party quote is not an accurate representation of the fair value, the Portfolio Manager will determine the valuation based on the Portfolio Manager's valuation policy. This may include the use of a comparable arm's length transaction, independent valuation experts, 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.

Notes to the Financial Statements (continued)

For the year ended 30 September 2024

3. Significant accounting judgements, estimates and assumptions (continued)

(ii) Estimates and assumptions (continued)

a) Fair value of securities not quoted in active markets (continued)

No credit securities were priced by the Portfolio Manager during the year or any previous year. There has been no change to the accounting policy applied to how these investments have been valued (see notes 2 and 3) but the use of an independent third party valuation expert was used to value approximately 3.11% of the Company's investments at 30 September 2024 (30 September 2023: 3.2%). See note 16 for price sensitivity analysis and details of interest rate risk.

b) Estimated life of credit securities

In determining the estimated life of the credit securities held by the Company, the Portfolio Manager estimates the remaining life of the security with respect to expected prepayment rates, default rates and loss rates together with other information available in the market underlying the security. The estimated life of the credit securities, as determined by the Portfolio Manager, impacts the effective interest rate of the credit securities which in turn impacts the calculation of income as discussed in note 2(h).

c) Determination of observable inputs

As discussed in note 17, when determining the levels of investments within the fair value hierarchy, the determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

d) Revenue recognition

Interest income is recognised on a time-proportionate basis using the effective interest rate method. Discounts received or premiums paid in connection with the acquisition of credit securities are amortised into interest income using the effective interest rate method over the expected life of the related security.

When calculating the effective interest rate, the Portfolio Manager estimates cash flows considering the expected life of the financial instrument, including future credit losses and deferred interest payments. The calculation includes all fees and amounts paid or received between parties to the

contract that are an integral part of the effective interest rate and all other premiums or discounts.

Revenue estimations are sensitive to changes in interest income resulting from financial instruments defaulting. Interest income represents management's best estimate having regard to historical volatility and looking forward at the global environment.

4. Earnings per Ordinary Share – basic & diluted

The earnings per Ordinary Share basic and diluted of 16.0p (30 September 2023: 11.4p) has been calculated based on the weighted average number of Ordinary Shares (excluding Treasury shares) of 247,045,371 (30 September 2023: 235,949,235) and a net income for the year of £39,499,909 (30 September 2023: £26,941,638). As at 30 September 2024, the Company had no Ordinary Shares in Treasury (30 September 2023: 3,949,187).

5. Income on equalisation of new issues/ tendered shares repurchased

In order to ensure there were no dilutive effects on earnings per share for current Shareholders when issuing new shares, or when repurchasing tendered shares, earnings have been calculated in respect of the accrued income at the time of purchase of new shares/repurchase of tendered shares and a transfer has been made from share capital to income to reflect this. The transfer for the year amounted to £167,044 (30 September 2023: £139,497).

6. Net asset value per Ordinary Share

The net asset value of each Share of 83.70p (30 September 2023: 75.44p) is determined by dividing the total net assets of the Company of £219,767,370 (30 September 2023: £181,689,040) by the number of Shares in issue (excluding Treasury shares) at 30 September 2024 of 262,574,331 (30 September 2023: 240,824,331).

7. Taxation

The Company has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability for Guernsey taxation is limited to an annual fee of £1,600 (30 September 2023: £1,200). The activities of the Company do not constitute relevant activities as defined by the Income Tax (Substance Requirements) (Implementation) Regulations, 2018 (as amended) and as such the Company was out of scope.

8. Net foreign currency gains

	Year ended 30.09.24	Year ended 30.09.23
	£	£
Movement in net unrealised gains/(losses) on forward currency contracts	3,025,945	(60,252)
Realised gains on forward currency contracts	7,102,079	5,988,979
Realised currency losses on receivables/payables	(2,519,521)	(1,767,408)
Unrealised currency losses on receivables/payables	(64,136)	(31,059)
	7,544,367	4,130,260

9. Investments

	As at 30.09.24	As at 30.09.23
	£	£
Financial assets at fair value through profit and loss:		
Opening amortised cost	196,051,126	181,626,982
Purchases at cost	91,858,943	64,093,087
Proceeds on sale/principal repayment	(80,520,101)	(46,094,635)
Amortisation adjustment under effective interest rate method	1,866,563	2,243,398
Realised gain on sale/principal repayment	2,568,155	1,764,090
Realised loss on sale/principal repayment	(8,389,383)	(7,581,796)
Closing amortised cost	203,435,303	196,051,126
Unrealised gain on investments	5,165,931	1,278,651
Unrealised loss on investments	(3,157,999)	(20,894,095)
Fair value	205,443,235	176,435,682

	Year ended 30.09.24	Year ended 30.09.23
	£	£
Realised gain on sale/principal repayment	2,568,155	1,764,090
Realised loss on sale/principal repayment	(8,389,383)	(7,581,796)
Increase in unrealised gain	3,887,280	583,516
Decrease in unrealised loss	17,736,096	12,512,984
Net gain on financial assets at fair value through profit or loss	15,802,148	7,278,794

Notes to the Financial Statements (continued)

For the year ended 30 September 2024

10. Other receivables

	As at 30.09.24	As at 30.09.23
	£	£
Interest income receivable	3,563,959	3,616,445
Prepaid expenses	5,149	37,180
Dividends receivable	90,154	99,781
Other receivable	-	17,196
	3,659,262	3,770,602

The Board does not anticipate any material expected credit losses for interest income receivable as at 30 September 2024 (no material expected credit losses were recorded for 30 September 2023).

11. Other payables

	As at 30.09.24	As at 30.09.23
	£	£
Portfolio management fees payable	266,879	141,472
Directors' fees payable	-	848
Administration fees payable	102,350	62,010
AIFM management fees payable	16,407	34,120
Audit fees payable	144,876	109,250
Other expenses payable	120,092	109,133
Depositary fees payable	11,266	-
Custody fees payable	8,675	1,797
Share issue costs payable	20,961	-
Dividends payable	1,302,872	1,204,122
	1,994,378	1,662,752

12. Share capital account

Authorised share capital

The Board may issue an unlimited number of Ordinary Shares at par value of 1p per share.

Issued share capital

	As at 30.09.24	As at 30.09.23
	£	£
Ordinary Shares		
Share capital account at the beginning of the year	219,836,492	201,561,499
Reissue of treasury shares	3,183,534	-
Issue of shares	15,325,836	21,160,665
Share issue costs	(212,529)	(248,637)
Purchase of own shares into treasury	(369,501)	(2,497,538)
Income equalisation on new issues	(167,044)	(139,497)
Total share capital account at the end of the year	237,596,788	219,836,492

Reconciliation of number of Shares

	30.09.24	30.09.23
Ordinary Shares	Shares	Shares
Shares at the beginning of the year	240,824,331	216,213,518
Reissue of treasury shares	3,939,187	-
Issue of shares	18,310,813	28,050,000
Purchase of own shares into treasury	(500,000)	(3,439,187)
Total Shares in issue (excluding treasury shares) at the end of the year	262,574,331	240,824,331

	30.09.24	30.09.23
Treasury Shares	Shares	Shares
Shares at the beginning of the year	3,439,187	-
Purchase of own shares to hold in treasury	500,000	3,439,187
Reissue of treasury shares	(3,939,187)	-
Total Shares held in treasury at the end of the year	-	3,439,187
Total Shares in issue at the end of the year	262,574,331	244,263,518

The Ordinary Shares carry the following rights:

- a) The Ordinary Shares carry the right to receive all income of the Company attributable to the Ordinary Shares.
- b) The Shareholders present in person or by proxy or present by a duly authorised representative at a general meeting have, on a show of hands, one vote and, on a poll, one vote for each Share held.

The Company has the right to issue and purchase up to 14.99% of the total number of its own shares at £0.01 each, to be classed as Treasury Shares and may cancel those Shares or hold any such Shares as Treasury Shares, provided that the number of Shares held as Treasury Shares shall not at any time exceed 10% of the total number of Shares of that class in issue at that time or such amount as provided in the Companies (Guernsey) Law, 2008.

The Company held no shares in Treasury as at 30 September 2024 (30 September 2023: 3,439,187 shares).

Notes to the Financial Statements (continued)

For the year ended 30 September 2024

13. Analysis of financial assets and liabilities by measurement basis as per Statement of Financial Position

	Financial assets at fair value through profit and loss	Amortised cost	Total
30 September 2024	£	£	£
Financial Assets			
Financial assets at fair value through profit and loss			
- Investments			
- Corporate bonds	136,260,127	-	136,260,127
- Asset-backed securities	69,183,108	-	69,183,108
- Derivative assets: Forward currency contracts	1,215,217	-	1,215,217
Shares issued receivable	-	850,800	850,800
Amounts due from broker	-	10,000,913	10,000,913
Other receivables (excluding prepaid expenses)	-	3,654,113	3,654,113
Cash and cash equivalents	-	7,589,458	7,589,458
	206,658,452	22,095,284	228,753,736

	Financial liabilities at fair value through profit and loss	Amortised cost	Total
30 September 2024	£	£	£
Financial Liabilities			
Amounts due to broker	-	6,997,137	6,997,137
Other payables	-	1,994,378	1,994,378
	-	8,991,515	8,991,515

	Financial assets at fair value through profit and loss	Amortised cost	Total
30 September 2023	£	£	£
Financial Assets			
Financial assets at fair value through profit and loss			
- Investments			
- Corporate bonds	114,210,465	-	114,210,465
- Asset-backed securities	62,225,217	-	62,225,217
- Derivative assets: Forward currency contracts	373	-	373
Amounts due from broker	-	591,537	591,537
Other receivables (excluding prepaid expenses)	-	3,733,422	3,733,422
Cash and cash equivalents	-	5,302,091	5,302,091
	176,436,055	9,627,050	186,063,105

	Financial liabilities at fair value through profit and loss	Amortised cost	Total
30 September 2023	£	£	£
Financial Liabilities			
Amounts due to broker			
	-	937,392	937,392
Other payables			
	-	1,662,752	1,662,752
Financial liabilities at fair value through profit and loss			
- Derivative liabilities: Forward currency contracts	1,811,101	-	1,811,101
	1,811,101	2,600,144	4,411,245

Notes to the Financial Statements (continued)

For the year ended 30 September 2024

14. Related parties

a) Directors' remuneration

The Directors of the Company are remunerated for their services at such a rate as the Directors determine. The aggregate fees of the Directors will not exceed £250,000.

The Directors' fees for the year and the outstanding fees at year end are as follows:

	2024 £	2023 £
Ashley Paxton (Chair)	45,000	39,348
Sharon Parr (Audit and Risk Committee Chair)	40,000	32,660
Wendy Dorey (MEC Chair)	37,000	23,613
Richard Class (appointed 1 November 2023)	32,099	-
Claire Whittet (resigned 11 August 2023)	-	38,063
Ian Martin (resigned 1 February 2023)	-	12,392
Total	154,099	146,076

No Directors' fees were outstanding as at 30 September 2024 (30 September 2023: £848).

b) Shares held by related parties

The Directors of the Company held the following shares beneficially:

	30.09.24 Shares	30.09.23 Shares
Ashley Paxton	120,000	100,000
Sharon Parr	98,004	98,004
Wendy Dorey	15,000	15,000
Richard Class (appointed 1 November 2023)	50,000	-
Claire Whittet (resigned 11 August 2023)	-	25,000
Ian Martin (resigned 1 February 2023)	-	35,000

On 1 October 2024 Wendy Dorey purchased 23,505 shares. Following this acquisition, Ms Dorey's total holding was 38,505 shares in the Company.

Directors are entitled to receive the dividends on any shares held by them during the year. Dividends declared by the Company are set out in note 19.

As at 30 September 2024, separate fund entities for which the Portfolio Manager is engaged to provide portfolio management services, collectively held 7,562,744 Shares (30 September 2023: 7,562,744 Shares) which is 2.88% (30 September 2023: 3.14%) of the Issued Share Capital. Partners and employees of the Portfolio Manager, including their immediate family members, directly or indirectly held 3,244,631 Shares (30 September 2023: 4,993,523), which is 1.24% (30 September 2023: 2.07%) of the Issued Share Capital.

The Shares held by Directors and by partners and employees of the Portfolio Manager are purchased in their own right on the open market and do not form part of their remuneration paid by the Company.

The Portfolio Manager, partner and employee amounts therefore exclude Shares held under any long-term incentive plan ("LTIP") which have not yet vested. Shares that are held in employee and partner LTIPs total 712,329 (30 September 2023: 536,141), which is 0.27% of the Issued Share Capital (30 September 2023: 0.22%).

The amounts for the Portfolio Manager, its partners and employees and LTIP are shown for transparency purposes and are not considered transactions with related parties.

c) Portfolio Manager

The portfolio management fee is payable to the Portfolio Manager monthly in arrears at a rate of 0.75% per annum of the lower of NAV, which is calculated weekly on each valuation day, or market capitalisation of each class of shares. Total portfolio management fees for the year amounted to £1,466,346 (30 September 2023: £1,306,509) of which £266,879 (30 September 2023: £141,472) is payable at year end. The Portfolio Management Agreement dated 17 February 2014 remains in force until determined by the Company or the Portfolio Manager giving the other party not less than twelve months' notice in writing. Under certain circumstances, the Company or the Portfolio Manager is entitled to immediately terminate the agreement in writing.

The Portfolio Manager is also entitled to a commission of 0.175% of the aggregate gross offering proceeds in relation to any issue of new Shares, following admission, in consideration of marketing services that it provides to the Company. During the year, the Portfolio Manager earned £27,436 (30 September 2023: £37,031) in commission, which is charged as a cost of issuance.

15. Material agreements

a) Alternative Investment Fund Manager ("AIFM")

Until 11 June 2024, the Company's AIFM was Apex Fundrock Limited. In consideration for the services provided by the AIFM under the AIFM Agreement, the AIFM was entitled to receive from the Company a minimum fee of £20,000 per annum and fees payable quarterly in arrears at a rate of 0.07% of the Net Asset Value of the Company below £50 million, 0.05% on Net Assets between £50 million and £100 million and 0.03% on Net Assets in excess of £100 million.

From 11 June 2024, the Company's AIFM changed to Waystone Management Company (IE) Limited. In consideration for the services provided by the AIFM under the AIFM Agreement, the AIFM is entitled to receive from the Company a minimum fee of £65,000 per annum and fees payable quarterly in arrears at a rate of 0.03% of the NAV of the Company below £250 million, 0.025% on Net Assets between £250 million and £500 million, 0.02% on Net Assets between £500 million and £1 billion and 0.015% on Net Assets in excess of £1 billion.

During the year, AIFM fees of £80,933 (30 September 2023: £82,178) were charged to the Company, of which £16,407 (30 September 2023: £34,120) remained payable at the end of the year.

b) Administrator and Secretary

Administration fees are payable to Northern Trust International Fund Administration Services (Guernsey) Limited monthly in arrears at a rate of 0.06% of the Net Asset Value of the Company below £100 million, 0.05% on Net Assets between £100 million and £200 million and 0.04% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum of £75,000 for each year. In addition, an annual fee of £25,000 will be charged for corporate governance and company secretarial services. During the year, administration and secretarial fees of £133,678 (30 September 2023: £122,003) were charged to the Company, of which £102,350 (30 September 2023: £62,010) remained payable at the end of the year.

c) Broker

For its services as the Company's broker, Numis Securities Limited (the "Broker" or "Deutsche Numis") is entitled to receive a retainer fee of £50,000 per annum and also a commission of 1% on all tap issues. During the year, the Broker earned £185,093 (30 September 2023: £211,607) in commission, which is charged as a cost of issuance.

Notes to the Financial Statements (continued)

For the year ended 30 September 2024

15. Material agreements (continued)

d) Depositary

Depositary fees are payable to Northern Trust (Guernsey) Limited monthly in arrears at a rate of 0.0175% of the NAV of the Company below £100 million, 0.0150% on Net Assets between £100 million and £200 million and 0.0125% on Net Assets in excess of £200 million as at the last business day of the month subject to a minimum of £25,000 for each year. During the year, depositary fees of £32,080 (30 September 2023: £28,623) were charged to the Company, of which £11,266 (30 September 2023: £Nil) remained payable at the end of the year.

The Depositary is also entitled to a Global Custody fee of a minimum of £8,500 per annum plus transaction fees. Total Global Custody fees and charges for the year amounted to £19,777 (30 September 2023: £20,281) of which £8,675 (30 September 2023: £1,797) is due and payable at the end of the year.

16. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, reinvestment risk, interest rate risk and foreign currency risk), credit risk, liquidity risk and capital risk.

The Company's financial instruments include financial assets/liabilities at fair value through profit or loss, cash and cash equivalents, amounts due to/from broker, other receivables and other payables. The techniques and instruments utilised for the purposes of efficient portfolio management are those which are reasonably believed by the Board to be economically appropriate to the efficient management of the Company.

Market risk

Market risk embodies the potential for both losses and gains and includes foreign currency risk, interest rate risk, price risk and reinvestment risk. The Company's strategy on the management of market risk is driven by the Company's investment objective. The Company's investment objective is to generate attractive risk adjusted returns principally through investment in credit securities.

(i) Price risk

The underlying investments comprised in the portfolio are subject to price risk. The Company is therefore at risk that market events may affect performance and in

particular may affect the value of the Company's investments which are valued on a mark to market and mark to model basis. Price risk is risk associated with changes in market prices or rates, including interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, national and international political circumstances. The Company's policy is to manage price risk by holding a diversified portfolio of assets, through its investments in credit securities.

The Company's policy also stipulates that at purchase, no more than 5% of the portfolio value can be exposed to any single credit security or issuer of credit securities.

The price of a credit security can be affected by a number of factors, including: (i) changes in the market's perception of the underlying assets backing the security; (ii) economic and political factors such as interest rates and levels of unemployment and taxation which can have an impact on the arrears, foreclosures and losses incurred with respect to the pool of assets backing the security; (iii) changes in the market's perception of the adequacy of credit support built into the security's structure to protect against losses caused by arrears and foreclosures; (iv) changes in the perceived creditworthiness of the originator of the security or any other third parties to the transaction; (v) the speed at which mortgages or loans within the pool are repaid by the underlying borrowers (whether voluntary or due to arrears or foreclosures).

Price sensitivity analysis

The following details the Company's sensitivity to movement in market prices. The analysis is based on a 15%, 10% and 5% (30 September 2023: 15%, 10% and 5%) increase or decrease in market prices. This represents management's best estimate of a reasonable possible shift in market prices, having regard to historical volatility.

At 30 September 2024, if market prices had been 15%, 10% and 5% (30 September 2023: 15%, 10% and 5%) higher with all other variables held constant, the increase in the net assets attributable to equity Shareholders would have been £30,816,485, £20,544,324 and £10,272,162 respectively (30 September 2023: £26,465,352, £17,643,568 and £8,821,784). The total comprehensive income for the year would have also

increased by the same amounts. An equal change in the opposite direction would have decreased the net assets attributable to equity Shareholders and total comprehensive income respectively. This price sensitivity analysis covers the market prices received from price vendors, brokers and those determined using models (such as discounted cash flow models) on the assumption that the prices determined from these sources had moved by the indicated percentages.

Actual trading results may differ from the above sensitivity analysis and those differences may be material.

(ii) Reinvestment risk

Reinvestment risk is the risk that future coupons from a bond will not be reinvested at the yield prevailing when the bond was initially purchased.

A key determinant of a bond's yield is the price at which it is purchased and, therefore, when the market price of bonds generally increases, the yield of bonds purchased generally decreases. As such, the overall yield of the portfolio, and therefore the level of dividends payable to Shareholders, would fall to the extent that the market prices of credit securities generally rise and the proceeds of credit securities

held by the Company that mature or are sold are not able to be reinvested in credit securities with a yield comparable to that of the portfolio as a whole. The Company assesses reinvestment risk on at least a monthly basis by calculating the projected amortisation profile of the Company across the next three years. In addition, changes in the Company's yield and income are assessed over the same timeframe as bonds redeem or mature to identify any periods where reinvestment risk may be more significant.

(iii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow. The Company holds fixed interest securities that expose the Company to fair value interest rate risk. The Company also holds a limited amount of euro-denominated floating rate debt, cash and cash equivalents that expose the Company to cash flow interest rate risk.

The tables below summarise the Company's exposure to interest rate risk:

	Floating rate	Fixed rate	Non-interest bearing	Total
As at 30 September 2024	£	£	£	£
Investments	68,005,230	137,438,005	-	205,443,235
Derivative assets: Forward currency contracts	-	-	1,215,217	1,215,217
Shares issued receivable	-	-	850,800	850,800
Amounts due from broker	-	-	10,000,913	10,000,913
Other receivables excluding prepaid expenses	-	-	3,654,113	3,654,113
Cash and cash equivalents	7,589,458	-	-	7,589,458
Amounts due to broker	-	-	(6,997,137)	(6,997,137)
Other payables	-	-	(1,994,378)	(1,994,378)
Net current assets	75,594,688	137,438,005	6,729,528	219,762,221

Notes to the Financial Statements (continued)

For the year ended 30 September 2024

16. Financial risk management (continued)

Price sensitivity analysis (continued)

(iii) Interest rate risk (continued)

	Floating rate	Fixed rate	Non-interest bearing	Total
	£	£	£	£
As at 30 September 2023				
Investments	61,673,658	114,762,024	-	176,435,682
Derivative assets: Forward currency contracts	-	-	373	373
Amounts due from broker	-	-	591,537	591,537
Other receivables excluding prepaid expenses	-	-	3,733,422	3,733,422
Cash and cash equivalents	5,302,091	-	-	5,302,091
Derivative liabilities: Forward currency contracts	-	-	(1,811,101)	(1,811,101)
Amounts due to broker	-	-	(937,392)	(937,392)
Other payables	-	-	(1,662,752)	(1,662,752)
Net current assets	66,975,749	114,762,024	(85,913)	181,651,860

The Company holds fixed rate and floating rate financial instruments which, based on current portfolio duration of 2.60 years, have relatively limited exposure and sensitivity to fair value interest rate risk as, when short-term interest rates increase, the interest rate on floating rate notes will also increase. The majority of floating rate assets re-fix on a quarterly basis, limiting the impact of interest rate risk to the Company. As such it is not deemed necessary to perform sensitivity analysis on the impact of interest rate risk.

As at 30 September 2024, 62.54% of the Company's net current asset position was invested in fixed rate securities (30 September 2023: 62%), however the overall credit spread duration of the Company was 3.27 years (30 September 2023: 3.26 years). A credit spread duration of 3.27 years (30 September 2023: 3.3 years) indicates that the portfolio's value will rise or fall by 3.3 basis points (30 September 2023: 3.3 basis points) should credit spreads overall rise or fall by 1 basis point. The value of credit securities may also be affected by interest rate movements. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates, however the underlying cash positions will not be affected.

The Company's continuing position in relation to interest rate risk is monitored on a weekly basis by the Portfolio

Manager as part of its review of the weekly Net Asset Value calculations prepared by the Company's Administrator.

The Company actively trades in debt securities, some of which are variable rate and linked to interest rate benchmarks. The impact of the transition from US LIBOR to alternative interest rate benchmarks will be captured in the change in fair value of these investments and is not expected to be material to the Company.

(iv) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company invests predominantly in non-sterling assets while its Shares are denominated in sterling, its expenses are incurred in sterling and its presentational currency is sterling. Therefore, the Statement of Financial Position may be significantly affected by movements in the exchange rate between foreign currencies and sterling. The Company manages the exposure to currency movements by using spot and forward foreign exchange contracts, rolling forward on a periodic basis.

As at 30 September 2024, the Company had five (30 September 2023: seven) open forward currency contracts.

	Contract values 30.09.24	Outstanding contracts 30.09.24	Mark to market equivalent 30.09.24	Unrealised gains 30.09.24
	Currency	£	£	£
Five sterling forward foreign currency contracts totalling:				
3 EUR forward foreign currency contract	(150,907,486)	(126,753,795)	(125,666,380)	1,087,415
2 USD forward foreign currency contract	(23,141,266)	(17,691,364)	(17,563,563)	127,802
				1,215,217
	Contract values 30.09.23	Outstanding contracts 30.09.23	Mark to market equivalent 30.09.23	Unrealised losses 30.09.23
	Currency	£	£	£
Seven sterling forward foreign currency contracts totalling:				
5 EUR forward foreign currency contract	(125,022,666)	(107,061,730)	(108,449,257)	(1,387,527)
2 USD forward foreign currency contract	(19,622,562)	(15,653,617)	(16,076,818)	(423,201)
				(1,810,728)

Forward currency contracts are not subject to offsetting or master netting arrangements.

At year end, the Company had Nil (30 September 2023: Nil) open spot currency contracts.

As at 30 September 2024 and 2023, the Company held the following assets and liabilities denominated in currencies other than Pound sterling:

	30.09.24	30.09.23
	£	£
EUR		
Investments	119,513,408	104,829,061
Cash and cash equivalents	1,080,673	1,073,740
Amounts due from broker and other receivables	12,363,878	2,336,941
Less: Amounts due to broker	(6,907,137)	-
Less: Open forward currency contracts	(125,666,380)	(108,449,257)
USD		
Investments	15,544,289	14,554,879
Cash and cash equivalents	1,783,083	1,347,044
Amounts due from broker and other receivables	259,054	339,103
Less: Amounts due to broker	-	(937,392)
Less: Open forward currency contracts	(17,563,563)	(16,076,818)
CHF		
Cash and cash equivalents	16,622	16,835
	423,927	(965,864)

Notes to the Financial Statements (continued)

For the year ended 30 September 2024

16. Financial risk management (continued)

Price sensitivity analysis (continued)

(iv) Foreign currency risk (continued)

The following tables summarise the sensitivity of the Company's assets and liabilities to changes in foreign exchange movements between Euro, US Dollar and Swiss Franc, and the Company functional currency of sterling as

at 30 September 2024 and 2023. The analysis assumes that the relevant foreign exchange rate increased/ decreased by the percentage disclosed in the table, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

	30.09.24	30.09.23
	£	£
Impact on net assets		
- 10% (30.09.23: 10%) increase in EUR/GBP	61,508	19,063
- 10% (30.09.23: 10%) decrease in EUR/GBP	155,180	(20,936)

	30.09.24	30.09.23
	£	£
Impact on net assets		
- 10% (30.09.23: 10%) increase in USD/GBP	280,957	70,285
- 10% (30.09.23: 10%) decrease in USD/GBP	344,766	(77,314)

	30.09.24	30.09.23
	£	£
Impact on net assets		
- 10% (30.09.23: 10%) increase in CHF/GBP	(1,512)	(1,530)
- 10% (30.09.23: 10%) decrease in CHF/GBP	1,662	1,683

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

The main concentration of credit risk to which the Company is exposed arises from the Company's investments in credit securities. The credit risk is built into mark to market or mark to model pricing. The Company is also exposed to counterparty credit risk on forwards, cash and cash equivalents, amounts due from brokers, shares issued receivable and other receivable balances.

The Company's policy is to manage this risk by maintaining a portfolio diversified by issuer. While the prospectus permits no more than 5% of the portfolio value to be invested in any single credit security or issuer of credit securities, the Portfolio Manager operates to stricter exposures dependent on the credit rating of each single credit security or issuer of credit securities.

Portfolio of debt securities and cash and cash equivalents by ratings category using the highest rating assigned by Standard and Poor's ("S&P"), Moody's Analytics ("Moody's") or Fitch Ratings ("Fitch"):

	30.09.24	30.09.23
A+	5.54%	2.93%
A	0.00%	1.05%
BBB+	2.48%	0.51%
BBB	9.31%	5.29%
BBB-	12.58%	12.20%
BB+	10.02%	11.40%
BB	8.54%	8.77%
BB-	12.58%	9.79%
B+	8.30%	11.86%
B	4.90%	7.59%
B-	13.08%	14.37%
CCG+	2.47%	2.51%
CCC	0.00%	0.00%
CCC-	0.00%	0.29%
CC	0.00%	0.00%
C	0.00%	0.00%
Not Rated*	10.20%	11.44%
	100.00%	100.00%

*The non-rated exposure within the Company is managed in exactly the same way as the exposure to any other rated bond in the portfolio. A bond not rated by any of Moody's, S&P or Fitch does not necessarily translate as poor credit quality. Often smaller issues/tranches, or private deals

which the Company holds, will not apply for a rating due to the cost of doing so from the relevant credit agencies. The Portfolio Manager has no significant credit concerns with the unrated, or rated, asset-backed securities or corporate bonds currently held.

Notes to the Financial Statements (continued)

For the year ended 30 September 2024

16. Financial risk management (continued)

Credit risk (continued)

(iv) Foreign currency risk (continued)

To further understand credit risk, the Portfolio Manager undertakes extensive due diligence procedures on investments in credit securities and monitors the on-going investment in these securities.

The Company manages its counterparty exposure in respect of cash and cash equivalents and forward currency contracts by investing with counterparties with a "single A" or higher credit rating. The majority of cash is currently placed with Northern Trust (Guernsey) Limited.

The Company is subject to credit risk to the extent that this institution may be unable to return this cash. Northern Trust (Guernsey) Limited is a wholly owned subsidiary of The Northern Trust Corporation. The Northern Trust Corporation is publicly traded and a constituent of S&P 500. The Northern Trust Corporation has a credit rating of A+ from Standard & Poor's and A2 from Moody's.

The Company's maximum credit exposure is limited to the carrying amount of financial assets recognised as at the Statement of Financial Position date, as summarised below:

	30.09.24	30.09.23
	£	£
Investments	205,443,235	176,435,682
Shares issued receivable	850,800	-
Amounts due from broker	10,000,913	591,537
Cash and cash equivalents	7,589,458	5,302,091
Derivative assets: Forward currency contracts	1,215,217	373
Other receivables excluding prepaid expenses	3,654,113	3,733,422
	228,753,736	186,063,105

Investments in credit securities that are not backed by underlying asset pools present certain risks that are not presented by asset-backed securities ("ABS"). Primarily, these securities may not have the benefit of the same security interest in the related collateral. Therefore, there is a possibility that recoveries on defaulted collateral may not, in some cases, be available to support payments on these securities. The risk of investing in these types of securities is ultimately dependent upon payment of the underlying debt by the issuer. The Portfolio Manager undertakes extensive due diligence procedures on investments in credit securities and monitors the on-going investment in these securities.

The most significant balance of other receivables is interest receivable and its credit risk is the same as the credit securities.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Investments made by the Company in credit securities may be relatively illiquid and this may limit the ability of the Company to realise its investments for the purposes of cash management such as generating cash for dividend payments to Shareholders or buying back Ordinary Shares under the Quarterly Tenders or in the market. Investments in credit securities may also have no active market and the Company also has no redemption rights in respect of these investments. The Company has the ability to borrow to ensure sufficient cash flows.

The Portfolio Manager considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. Cash flows from trade and other receivables are all contractually due within twelve months.

The Portfolio Manager shall maintain a liquidity management policy to monitor the liquidity risk of the Company.

Shareholders have no right to have their shares redeemed or repurchased by the Company, except as detailed under the Capital risk management (Quarterly tenders) section of this note. Shareholders otherwise wishing to release

their investment in the Company are therefore required to dispose of their shares on the market.

The following table analyses the Company's liabilities into relevant maturity groupings based on the maturities at the Statement of Financial Position date. The amounts in the table are the undiscounted net cash flows on the financial liabilities:

	Up to 1 month	1-6 months	6-12 months	Total
As at 30 September 2024	£	£	£	£
Financial liabilities				
Amounts due to broker	(6,997,137)	-	-	(6,997,137)
Other payables	(1,840,220)	(154,158)	-	(1,994,378)
Total	(8,837,357)	(154,158)	-	(8,991,515)
As at 30 September 2023	£	£	£	£
Financial liabilities				
Amounts due to broker	(937,392)	-	-	(937,392)
Derivative liabilities: Forward currency contracts	-	(1,811,101)	-	(1,811,101)
Other payables	(1,553,502)	(109,250)	-	(1,662,752)
Total	(2,490,894)	(1,920,351)	-	(4,411,245)

Capital risk management

The Company manages its capital to ensure that it is able to continue as a going concern while following the Company's stated investment policy and dividend policy. The capital structure of the Company consists of Shareholders' equity, which comprises share capital and retained earnings. To maintain or adjust the capital structure, the Company may return capital to Shareholders or issue new Shares. There are no regulatory requirements to return capital to Shareholders.

(i) Quarterly tenders

With the objective of minimising the risk of the Ordinary Shares trading at a discount to NAV and to assist in the narrowing of any discount at which the Ordinary Shares may trade from time to time, the Company has incorporated into its structure a mechanism (a "Quarterly Tender"), contingent on certain factors as described below, which can be exercised at the discretion of the Directors, to provide Shareholders with a quarterly opportunity to submit Ordinary Shares for placing or repurchase by the Company at a price representing a discount of no more than 2% to the then prevailing NAV.

Upon confirmation of the number of Tender Requests made in respect of each Quarter Record Date, the Company intends first, through its broker acting on a reasonable endeavours basis, to seek to satisfy Tender Requests by placing the Tendered Shares with investors in the secondary market.

Second, subject to Tender Restrictions, the Company repurchases any Tendered Shares not placed in the secondary market, for cancellation or to be held in Treasury.

It is anticipated that the Company will tender on a quarterly basis for up to 20% of the Ordinary Shares in issue as at the relevant Quarter Record Date, subject to an aggregate limit of 50% of the Ordinary Shares in issue in any twelve-month period ending on the relevant Quarter Record Date. If tender requests exceed 20%, tenders will be scaled back on a pro-rata basis.

Notes to the Financial Statements (continued)

For the year ended 30 September 2024

16. Financial risk management (continued)

Capital risk management (continued)

(ii) Share buybacks

The Company has been granted the authority to make market purchases of up to a maximum of 14.99% of the aggregate number of Ordinary Redeemable Shares in issue immediately following Admission at a price not exceeding the higher of (i) 5% above the average of the mid-market values of the Ordinary Redeemable Shares for the 5 business days before the purchase is made or, (ii) the higher of the price of the last independent trade and the highest current investment bid for the Ordinary Redeemable Shares.

In deciding whether to make any such purchases, the Directors will have regard to what they believe to be in the best interests of Shareholders as a whole, to the applicable legal requirements and any other requirements in its Articles. The making and timing of any buybacks will be at the absolute discretion of the Board and not at the option of the Shareholders, and is expressly subject to the Company having sufficient surplus cash resources available (excluding borrowed money).

The Listing Rules prohibit the Company from conducting any share buybacks during close periods immediately preceding the publication of annual and interim results.

(iii) Continuation votes

In the event that:

- (i) the Dividend Target, as disclosed in note 19, is not met; or
- (ii) on any Tender Submission Deadline, applications for the Company to repurchase 50% or more of the Company's issued Ordinary Shares, calculated as at the relevant Quarter Record Date, are received by the Company,

a General Meeting will be convened at which the Directors will propose an Ordinary Resolution that the Company should continue as an investment company.

If any such Ordinary Resolution is not passed, the Directors shall draw up proposals for the voluntary liquidation, unitisation, reorganisation or reconstruction of the Company for submission to the members of the Company at a General Meeting to be convened by the Directors for a date not more than 6 months after the date of the meeting at which such Ordinary Resolution was not passed.

17. Fair value measurement

All assets and liabilities are carried at fair value or at carrying value which equates to fair value.

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices including interest rates, yield curves, volatilities, prepayment speeds, credit risks and default rates) or other market corroborated inputs (Level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value as at 30 September 2024.

	Level 1	Level 2	Level 3	Total
Assets	£	£	£	£
Financial assets at fair value through profit or loss				
- Investments				
- Corporate bonds	-	136,260,127	-	136,260,127
- Asset-backed securities	-	62,800,110	6,382,998	69,183,108
- Derivative assets: Forward currency contracts	-	1,215,217	-	1,215,217
Total assets as at 30 September 2024	-	200,275,454	6,382,998	206,658,452

As at 30 September 2024, no financial liabilities were carried at fair value through profit or loss.

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value as at 30 September 2023.

	Level 1	Level 2	Level 3	Total
Assets	£	£	£	£
Financial assets at fair value through profit or loss				
- Investments				
- Corporate bonds	-	114,210,465	-	114,210,465
- Asset-backed securities	-	56,636,292	5,588,925	62,225,217
- Derivative assets: Forward currency contracts	-	373	-	373
Total assets as at 30 September 2023	-	170,847,130	5,588,925	176,436,055

	Level 1	Level 2	Level 3	Total
Liabilities	£	£	£	£
Financial liabilities at fair value through profit or loss				
- Derivative liabilities: Forward currency contracts	-	1,811,101	-	1,811,101
Total liabilities as at 30 September 2023	-	1,811,101	-	1,811,101

Notes to the Financial Statements (continued)

For the year ended 30 September 2024

17. Fair value measurement (continued)

Credit securities which have a value based on quoted market prices in active markets are classified as Level 1. At the end of the year, no credit securities held by the Company are classified as Level 1.

Credit securities which are not traded or dealt on organised markets or exchanges are classified as Level 2 or Level 3. Credit securities with prices obtained from independent price vendors, where the Portfolio Manager is able to assess whether the observable inputs used for their modelling of prices are accurate and the Portfolio Manager has the ability to challenge these vendors with further observable inputs, are classified as Level 2. Prices obtained from vendors who are not easily challengeable or transparent in showing their assumptions for the method of pricing or where an independent value is sought from an external provider based on an appropriate valuation model, are classified as Level 3. Credit securities priced at an average of two vendors' prices are classified as Level 3.

Where the Portfolio Manager determines that the price obtained from an independent price vendor is not an accurate representation of the fair value of the credit security, the Portfolio Manager may source prices from third party dealer quotes and if the price represents a reliable and an observable price, the credit security is classified as Level 2. Any dealer quote that is over 20 days old is considered stale and is classified as Level 3. Furthermore, the Portfolio Manager may determine that the application of a mark-to-model basis may be appropriate where they believe such a model will result in

more reliable information with regards to the fair value of any specific investments and are also classified as Level 3 investments.

The Portfolio Manager also took advantage of engaging a third party valuer to value certain investments (primarily residential mortgage-backed security assets). The valuation of these assets and others that the Portfolio Manager may deem appropriate to provide fair value, primarily use discounted cash flow analysis but may also include the use of a comparable arm's length transaction, reference to other securities that are substantially the same, 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. As at 30 September 2024, investments representing 3.11% of the portfolio were valued by the third party valuer.

Although the models used utilise other unobservable inputs in addition to the discount margins such as constant default rate and constant prepayment rate, it is the Board's and Portfolio Manager's views that any reasonable movement in these unobservable inputs would not yield a significant change in fair value to the portfolio and as a result, a sensitivity analysis relating to these unobservable inputs has not been presented. The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements and how a reasonable possible change in the input would affect the fair values:

30 September 2024	Fair Value (£)	Financial Assets/ Liabilities	Unobservable Input	Sensitivity Used	Effect on Fair Value (£)
Dutch RMBS	3,667,997	Financial Asset	Discount Margin (970 bps)	+1% / -1%	83,983 / (80,643)
UK RMBS	2,715,000	Financial Asset	Discount Margin (970 bps)	+1% / -1%	27,965 / (27,693)

30 September 2023	Fair Value (£)	Financial Assets/ Liabilities	Unobservable Input	Sensitivity Used	Effect on Fair Value (£)
Dutch RMBS	3,788,925	Financial Asset	Discount Margin (1020 bps)	+1% / -1%	110,517 / (128,019)
UK RMBS	1,800,000	Financial Asset	Discount Margin (970 bps)	+1% / -1%	40,140 / (39,240)

The following table presents the movement in Level 3 instruments for the year ended 30 September 2024 by class of financial instrument.

	Bonds	Asset-backed securities	Total
30 September 2024	£	£	£
Opening balance	-	5,588,925	5,588,925
Net purchases	-	670,974	670,974
Net realised gains for the year	-	184,476	184,476
Net unrealised losses for the year	-	(61,377)	(61,377)
Closing balance	-	6,382,998	6,382,998

The following table presents the movement in Level 3 instruments for the year ended 30 September 2023 by class of financial instrument.

	Bonds	Asset-backed securities	Total
30 September 2023	£	£	£
Opening balance	-	7,710,607	7,710,607
Net disposals	-	(2,254,534)	(2,254,534)
Net realised losses for the year	-	(428,973)	(428,973)
Net unrealised gains for the year	-	561,825	561,825
Closing balance	-	5,588,925	5,588,925

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 30 September 2024, but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
30 September 2024	£	£	£	£
Assets				
Amounts due from broker	-	10,000,913	-	10,000,913
Shares issued receivable	-	850,800	-	850,800
Other receivables excluding prepaid expenses	-	3,654,113	-	3,654,113
Cash and cash equivalents	7,589,458	-	-	7,589,458
Total	7,589,458	14,505,826	-	22,095,284

	Level 1	Level 2	Level 3	Total
30 September 2024	£	£	£	£
Liabilities				
Amounts due to broker	-	6,997,137	-	6,997,137
Other payables	-	1,994,378	-	1,994,378
Total	-	8,991,515	-	8,991,515

Notes to the Financial Statements (continued)

For the year ended 30 September 2024

17. Fair value measurement (continued)

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 30 September 2023, but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
30 September 2023	£	£	£	£
Assets				
Amounts due from broker	-	591,537	-	591,537
Other receivables excluding prepaid expenses	-	3,733,422	-	3,733,422
Cash and cash equivalents	5,302,091	-	-	5,302,091
Total	5,302,091	4,324,959	-	9,627,050

	Level 1	Level 2	Level 3	Total
30 September 2023	£	£	£	£
Liabilities				
Amounts due to broker	-	937,392	-	937,392
Other payables	-	1,662,752	-	1,662,752
Total	-	2,600,144	-	2,600,144

The assets and liabilities included in the above tables are carried at amortised cost; due to their short-term nature, their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents include deposits held with banks.

Amounts due to brokers and other payables represent the contractual amounts and obligations due by the Company for settlement of trades and expenses.

Amounts due from brokers, shares issued receivable and other receivables represent the contractual amounts and rights due to the Company for settlement of trades and income.

18. Segmental reporting

The Board is responsible for reviewing the Company's entire portfolio and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis.

Revenue earned is reported separately on the face of the Statement of Comprehensive Income as interest income on financial assets at fair value through profit and loss being interest income received from credit securities.

19. Dividend policy

The Board intends to distribute an amount at least equal to the value of the Company's excess income, as defined below, arising each financial year to the holders of Ordinary Shares. However, there is no guarantee that the Dividend Target of 6.0 pence per Ordinary Share for each financial year will be met or that the Company will make any distributions at all.

Excess income is defined as the distributions made with respect to any income period, which comprise (a) the accrued income of the portfolio for the period (for these purposes, the Company's income will include the interest payable by the credit securities in the portfolio and amortisation of any discount or premium to par at which a credit security is purchased over its remaining expected life); (b) an additional amount to reflect any income

purchased in the course of any share subscriptions that took place during the period. Including purchased income in this way ensures that the income yield of the shares is not diluted as a consequence of the issue of new shares during an income period; (c) any relevant expenses less 50% of the portfolio management fees for the period; and (d) any gain/ (loss) on the foreign exchange contracts caused by the interest rate differentials between each foreign exchange

currency pair which is reflected in each pair's forward foreign exchange rate. This definition differs from the IFRS Accounting Standards "net income" definition which also recognises gains and losses on financial assets.

The Company declared the following dividends in respect of the profit for the year ended 30 September 2024:

Period to	Dividend per Share (pence)	Net dividend payable (£)	Ex-dividend date	Record date	Pay date
30 September 2023*	1.87	4,493,959	19 October 2023	20 October 2023	3 November 2023
31 October 2023	0.50	1,201,622	16 November 2023	17 November 2023	1 December 2023
30 November 2023	0.50	1,204,122	21 December 2023	22 December 2023	5 January 2024
29 December 2023	0.50	1,209,122	18 January 2024	19 January 2024	2 February 2024
31 January 2024	0.50	1,215,372	15 February 2024	16 February 2024	1 March 2024
29 February 2024	0.50	1,217,872	21 March 2024	22 March 2024	5 April 2024
28 March 2024	0.75	1,834,306	18 April 2024	19 April 2024	3 May 2024
30 April 2024	0.50	1,243,872	16 May 2024	17 May 2024	31 May 2024
31 May 2024	0.50	1,254,872	20 June 2024	21 June 2024	5 July 2024
28 June 2024	0.75	1,898,056	18 July 2024	19 July 2024	2 August 2024
31 July 2024	0.50	1,272,872	15 August 2024	16 August 2024	30 August 2024
30 August 2024	0.50	1,302,872	19 September 2024	20 September 2024	4 October 2024
		19,348,919			
30 September 2024	1.38	3,624,405	17 October 2024	18 October 2024	1 November 2024

* This dividend was declared in respect of distributable profit for the year ended 30 September 2023.

Notes to the Financial Statements (continued)

For the year ended 30 September 2024

19. Dividend policy (continued)

The Company declared the following dividends in respect of the profit for the year ended 30 September 2023:

Period to	Dividend per Share (pence)	Net dividend payable (£)	Ex-dividend date	Record date	Pay date
30 September 2022*	0.89	1,928,306	20 October 2022	21 October 2022	4 November 2022
31 October 2022	0.50	1,105,068	17 November 2022	18 November 2022	2 December 2022
30 November 2022	0.50	1,129,068	15 December 2022	16 December 2022	30 December 2022
30 December 2022	0.50	1,149,068	19 January 2023	20 January 2023	3 February 2023
31 January 2023	0.50	1,195,318	16 February 2023	17 February 2023	3 March 2023
28 February 2023	0.50	1,218,818	16 March 2023	17 March 2023	31 March 2023
31 March 2023	0.50	1,221,318	20 April 2023	21 April 2023	5 May 2023
28 April 2023	0.50	1,221,318	18 May 2023	19 May 2023	2 June 2023
31 May 2023	0.50	1,221,318	15 June 2023	16 June 2023	30 June 2023
30 June 2023	0.50	1,204,122	20 July 2023	21 July 2023	4 August 2023
31 July 2023	0.50	1,204,122	17 August 2023	18 August 2023	1 September 2023
31 August 2023	0.50	1,204,122	21 September 2023	22 September 2023	6 October 2023
		15,001,966			
30 September 2023	1.87	4,493,959	19 October 2023	20 October 2023	3 November 2023

* This dividend was declared in respect of distributable profit for the year ended 30 September 2022.

Under The Companies (Guernsey) Law, 2008, the Company can distribute dividends from capital and revenue reserves, subject to the net asset and solvency test. The net asset and solvency test considers whether a company is able to pay its debts when they fall due, and whether the value of a company's assets is greater than its liabilities. The Board confirms that the Company passed the net asset and solvency test for each dividend paid.

20. Ultimate controlling party

In the opinion of the Board on the basis of shareholdings advised to them, the Company has no ultimate controlling party.

21. Subsequent events

These Financial Statements were approved for issuance by the Board on 11 December 2024. Subsequent events have been evaluated to this date.

Subsequent to the year end and up to the date of signing of the Annual Report and Audited Financial Statements, the following events took place:

Issue Date	Dividend rate per Share (pence)
10 October 2024	1.38
14 November 2024	0.50

Tenders

On 1 October 2024, 404,301 shares were tendered in respect of the 30 September 2024 tender, all of which were placed by Deutsche Numis, rather than repurchased by the Company.

Issue Date	Shares issued	Price (pence)
25 October 2024	3,500,000	84.71
8 November 2024	1,000,000	84.85
11 November 2024	500,000	84.85
15 November 2024	1,000,000	85.15
18 November 2024	500,000	85.15
25 November 2024	500,000	84.66
9 December 2024	500,000	85.43

Other

On 1 October 2024 Wendy Dorey purchased 23,505 Ordinary Shares. Following this acquisition, Ms Dorey's total holding was 38,505 shares in the Company.

Glossary of Terms and Alternative Performance Measures

Alternative Performance Measures (“APMs”)

In accordance with ESMA Guidelines on Alternative Performance Measures (“APMs”), the Board has considered what APMs are included in the Annual Report and Audited Financial Statements which require further clarification. APMs are defined as a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The APMs included in the annual report and accounts are unaudited and outside the scope of IFRS Accounting Standards.

Dividends Declared

Dividends declared are the dividends that are announced in respect of the current accounting period.

Dividend Target

The Company maintains an annual minimum dividend target of at least 6p per Ordinary Share.

Net Asset Value (“NAV”)

NAV is the assets attributable to Shareholders expressed as an amount per individual share. NAV is calculated using the accounting standards specified by IFRS Accounting Standards and consists of total assets, less total liabilities.

NAV per Share

NAV per share is calculated by dividing the total net asset value of £219,767,370 (2023: £181,689,040) by the number of shares at the end of the year of 262,574,331 shares (2023: 240,824,331). This produces a NAV per share of 83.70p (2023: 75.44p), which was an increase of 10.95% (2023: increase of 7.79%).

NAV Total Return/(Loss) per Share

NAV total return/(loss) per share is the percentage increase or decrease in NAV, inclusive of dividends paid and reinvested, in the reporting period. It is calculated by adding the increase or decrease in NAV per share with the dividend per share when paid and reinvested back into the NAV and dividing it by the NAV per share at the start of the period.

Ongoing Charges

The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average of the daily net assets during the year (see page 22). The Board continues to be conscious of expenses and works hard to maintain a sensible balance between good quality service and cost.

Portfolio Performance

Portfolio performance is calculated by summing interest earned, realised and unrealised gains or losses on investments, less unrealised foreign exchange gains or losses on investments during the year and dividing by closing book cost for the year, stated as a percentage.

Premium/Discount

If the share price of an investment company is lower than the NAV per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, the shares are said to be trading at a premium.

Average Premium

The premium is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. This is calculated at the close of business on every Wednesday that is also a business day, as well as the last business day of every month, and an average taken for the year.



PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 3QL