

TwentyFour Income Fund

April 2019



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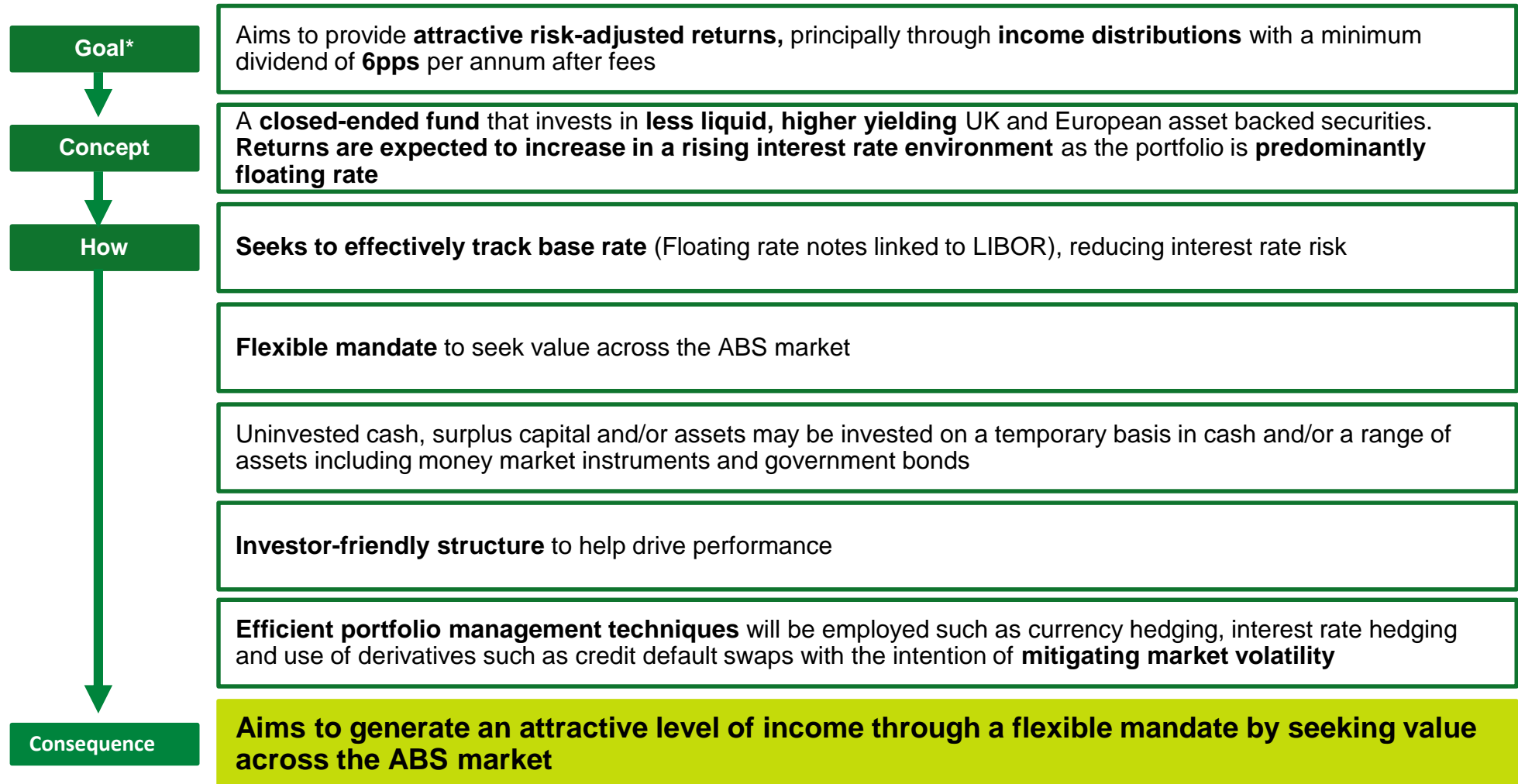
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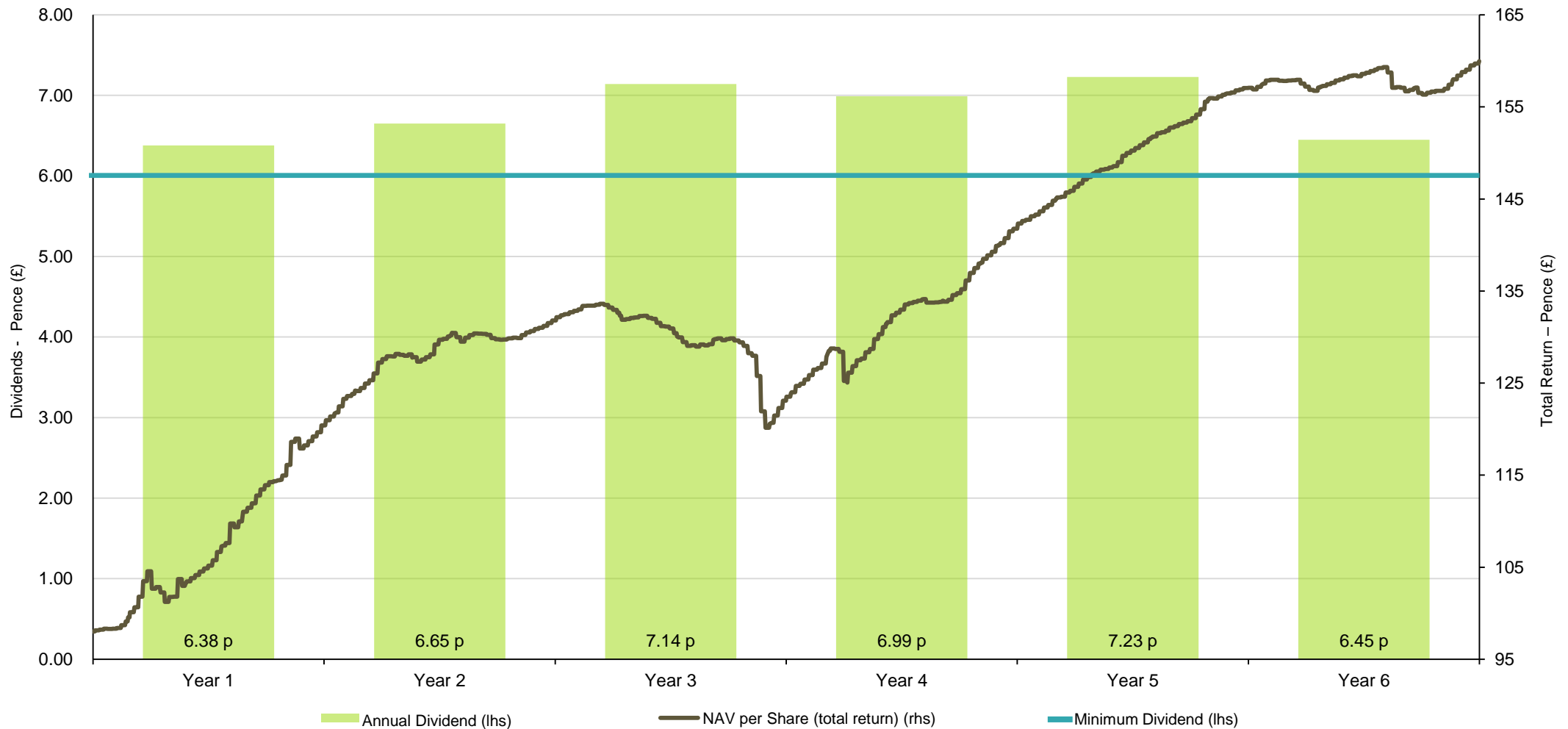
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TwentyFour Income Fund Overview



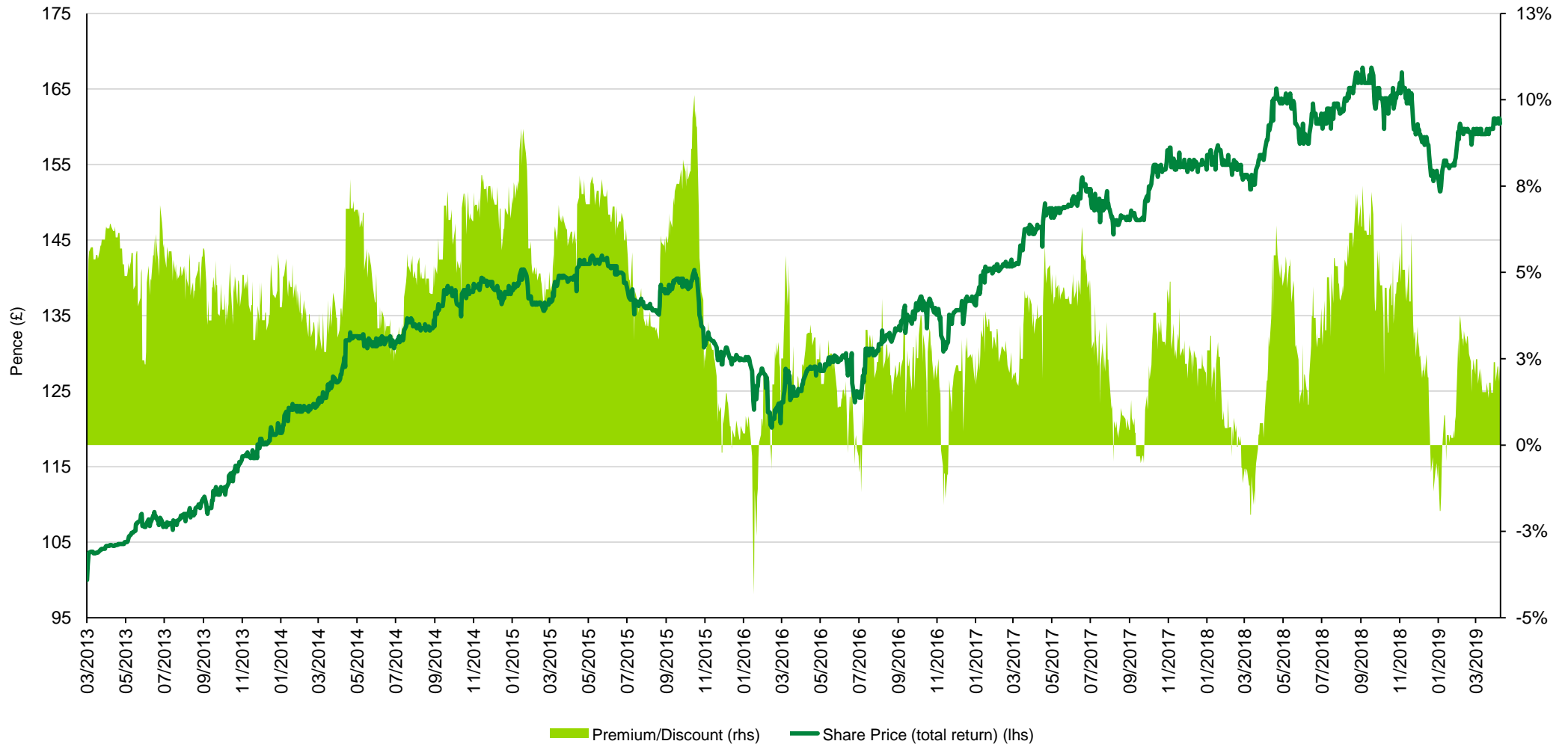
*This is a target only and does not represent a forecast of TFIF's profits. Past performance is not an indication of future performance.

TwentyFour Income Fund Total Return and Yearly Dividends



Performance is presented in GBP on a mid-to-mid basis and net of all expenses. Past performance is not a reliable indicator of future performance. Performance data does not take into account any commissions and costs charged when shares are purchased and/or sold. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

TwentyFour Income Fund Share Price and Premium/Discount



Performance is presented in GBP on a mid-to-mid basis and net of all expenses. Past performance is not a reliable indicator of future performance. Performance data does not take into account any commissions and costs charged when shares are purchased and/or sold. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

*Inception date: 6th March, 2013

Source: TwentyFour

12th April, 2019

TwentyFour Income Fund Share Price Total Return Correlations Against Indices Over 2 Years

Correlations - last two years	Euro Gov Bonds (EUR)	Global IG Credit	Global High Yield	Twentyfour Income Fund	Emerging Market (Hard CCY)	FTSE 100	S&P 500
Euro Gov Bonds (EUR)	1.00						
Global IG Credit	0.60	1.00					
Global High Yield	0.02	0.30	1.00				
Twentyfour Income Fund	0.06	0.08	0.20	1.00			
Emerging Market (Hard CCY)	0.29	0.66	0.76	0.04	1.00		
FTSE 100	-0.01	0.16	0.54	0.21	0.33	1.00	
S&P 500	-0.13	0.02	0.68	0.09	0.33	0.62	1.00

Colour coding based on scale of 100% correlation (red) through to 0% or inverse correlation (green). Where applicable, performance for each has been adjusted to take into account the impact of share class FX hedging to GBP except for Euro Gov Bonds and S&P 500 which are in local currencies. Past performance is not a reliable indicator of future performance. The performance data is presented on a mid-to-mid basis inclusive of net reinvested income, and does not take account of the commissions and costs incurred on issue/purchase and redemption/disposal and any third party fees held holding the TwentyFour Income Fund. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. Please note, it is not possible to invest directly into an index. Source: Bloomberg; 29th March, 2019

TwentyFour Income Fund Performance Contribution and Average Holdings Per Sector

Sector	YTD		2018		2017		Since Inception*	
	Performance Contribution	Average Holdings	Performance Contribution	Average Holdings	Performance Contribution	Average Holdings	Performance Contribution	Average Holdings
RMBS	0.84%	47.53%	1.46%	48.47%	6.17%	50.98%	29.88%	47.61%
CLO	0.77%	35.28%	-0.08%	34.17%	6.20%	35.00%	21.70%	33.63%
Autos	0.05%	1.65%	0.07%	1.71%	0.00%	0.17%	0.14%	0.38%
Consumer	0.10%	9.85%	0.43%	10.54%	1.12%	8.89%	3.09%	4.92%
CMBS	0.03%	2.21%	0.00%	2.02%	0.03%	1.36%	1.63%	3.18%
Hedges	0.00%	-	0.00%	-	-0.07%	-	1.47%	-
Other	0.02%	0.43%	0.46%	0.61%	0.06%	0.02%	4.58%	5.44%
Cash & Equiv	-	3.05%	-	2.47%	-	3.58%	-	4.84%
Total	1.82%	100%	2.33%	100%	13.51%	100%	63.29%	100%

Contribution per sector: each individual sectors contribution to the overall performance in TwentyFour Income Fund. Past performance is not an indication of future performance. Performance data does not take into account any commissions and costs charged when purchased and/or disposed. *Inception date: 6th March, 2013.

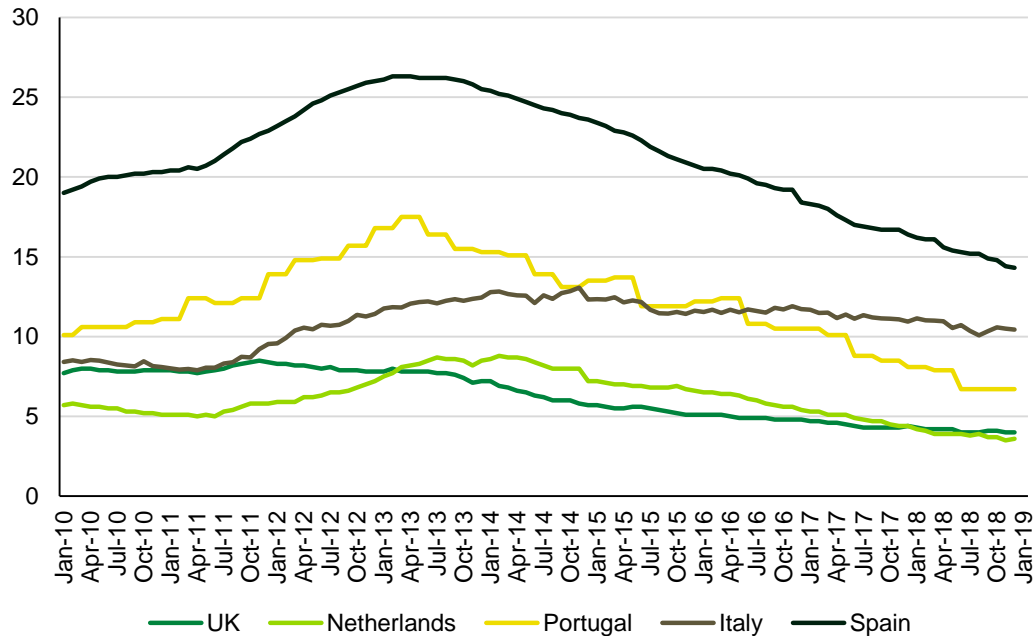
Source: TwentyFour; 12th April, 2019

ABS Market 2018

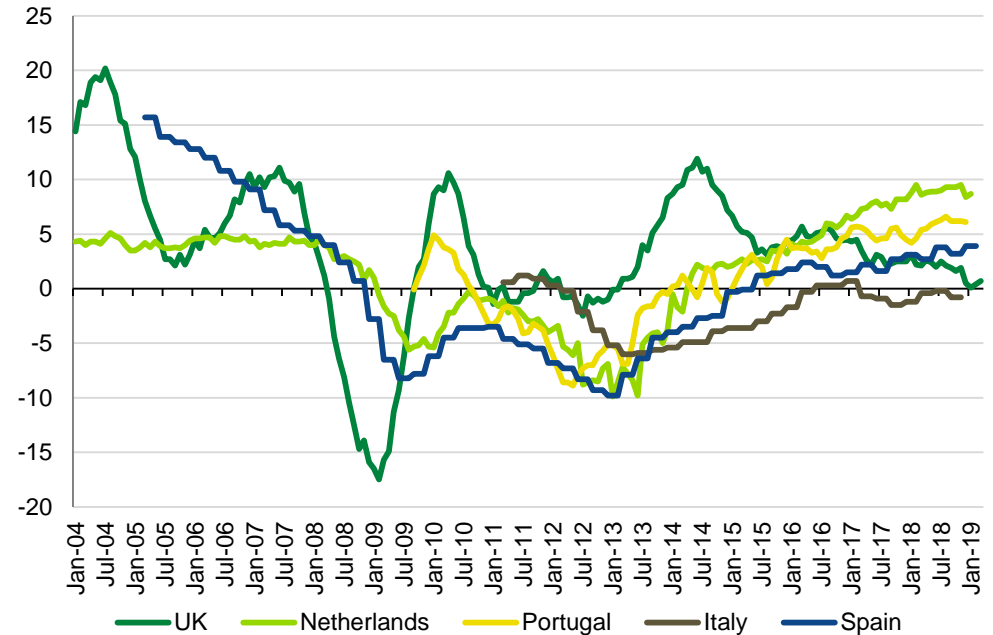
- Saw strong fundamental performance, characterised by a large number of stable & upgraded ratings
- Issuance volumes were consistent, mainly focussed on Auto Loans, RMBS and CLOs
- Spreads widened in most parts of the market (particularly in the second half of the year), because of a global risk-off sentiment driven by global trade war, Brexit, Chinese growth slowdown, Italian budget discussions, etc.
- Liquidity remained good but variable
- ABS performance was strong in comparison to other financial markets

Consumer Fundamentals

Unemployment %



House Price Growth % (HPI YoY*)



- Consumer fundamentals have improved further, fuelled in a large part by healthy wage growth in recent months
- Recent peaks in, for example, unemployment, and those within the last 30yrs (peaked in 1989-93) have not typically been material enough to create fundamental performance issues for UK ABS

*HPI YoY refers to House Price Index year-on-year.

Source: Bloomberg

29th March, 2019

Oversubscription Levels In New Issue RMBS

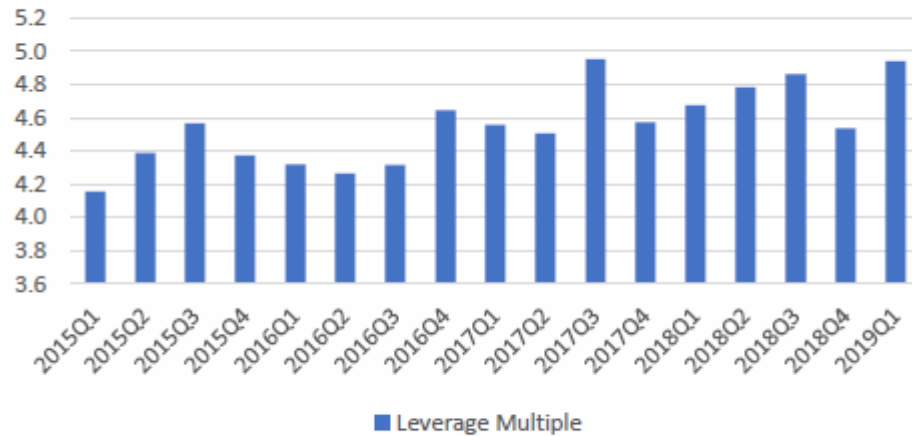
UK/European RMBS						
	AAA	AA	A	BBB	BB	B
Jan-18	2.5	4.2	4.4	4.2	3.8	2
Feb-18	1.5	-	-	-	-	-
Mar-18	1.8	3.5	4.75	5.9	2.8	1.1
Apr-18	1.2	2	2.5	2.6	4.8	-
May-18	1.7	2.8	3.5	2.5	-	-
Jun-18	1.4	1	2.4	2.9	-	-
Jul-18	1.15	1.5	1.6	2.4	-	-
Aug-18	1.7	-	-	-	-	-
Sep-18	1.7	2.8	4.3	3.4	1.2	-
Oct-18	1.5	2.45	2.7	2.9	3.7	-
Nov-18	1.4	1.7	3.6	3	5.4	-
Dec-18*	-	-	-	-	-	-
Jan-19	-	-	-	-	-	-
Feb-19	3.1	-	-	-	-	-
Mar-19	1.7	2.3	1.8	3.25	1.2	-

These figures are an average of the subscription levels of the deals seen by TwentyFour and therefore are not representative of the whole market, and so mustn't be taken as definitive. *In December 2018, 6 UK/European ABS and CMBS were publicly placed but none in the RMBS space.

Source: TwentyFour
 29th March, 2019

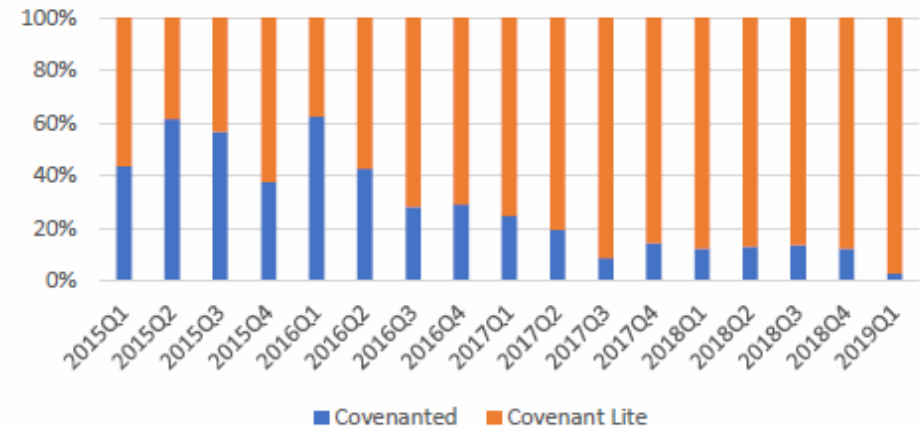
Leveraged Loans

Senior Secured Leverage



EUR/GBP 1L institutional loans. Excludes repricings.

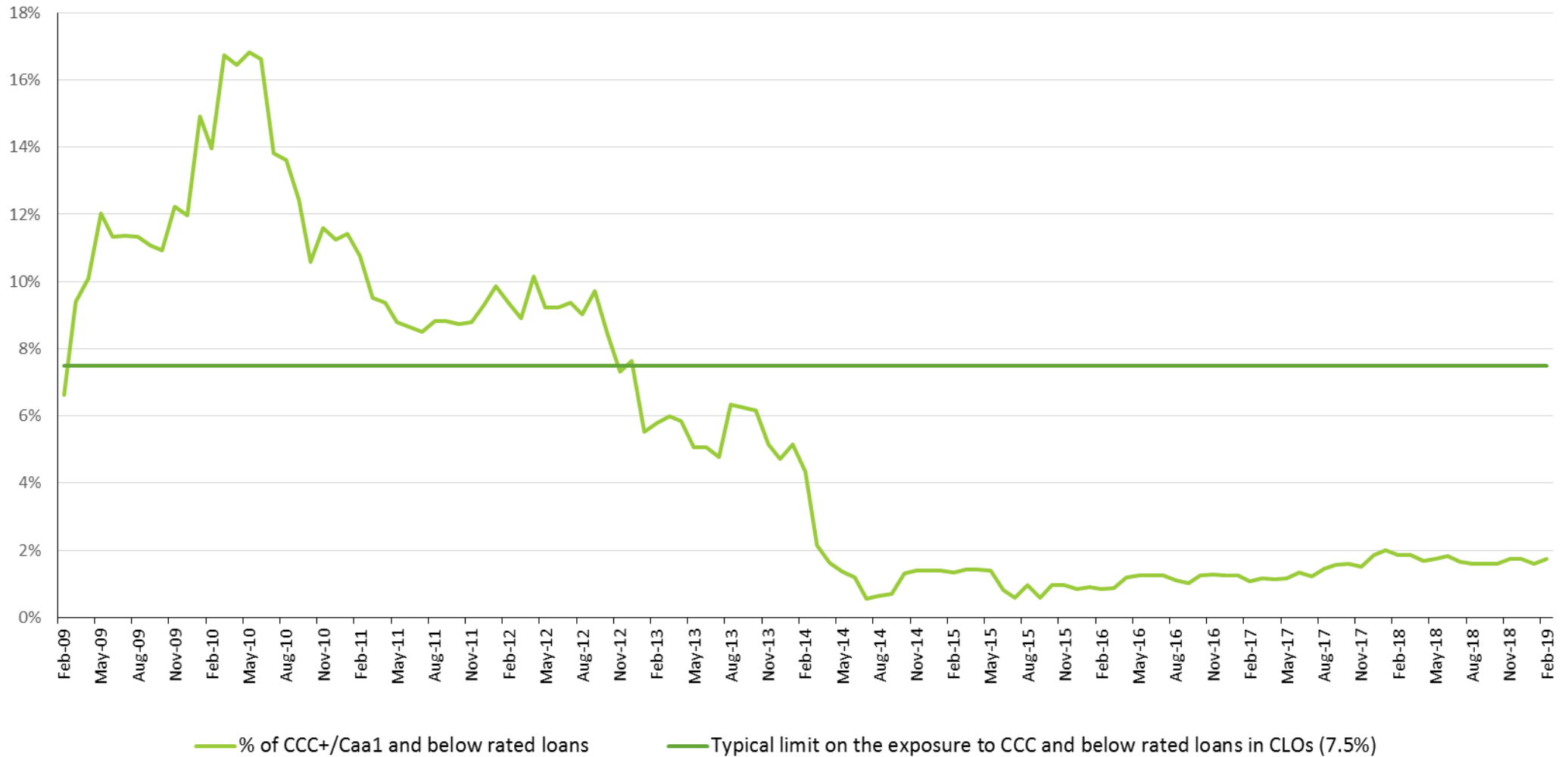
Covenant-Lite Issuance



EUR/GBP 1L/2L institutional loans. Excludes repricings.

- Senior leverage is close to pre-crisis levels
- Interest coverage and LTVs remain healthy though
- The high amount of covenant-lite loans could result in lower future defaults but higher loss severities

CLO Market Exposure to CCC and Below Rated Loans

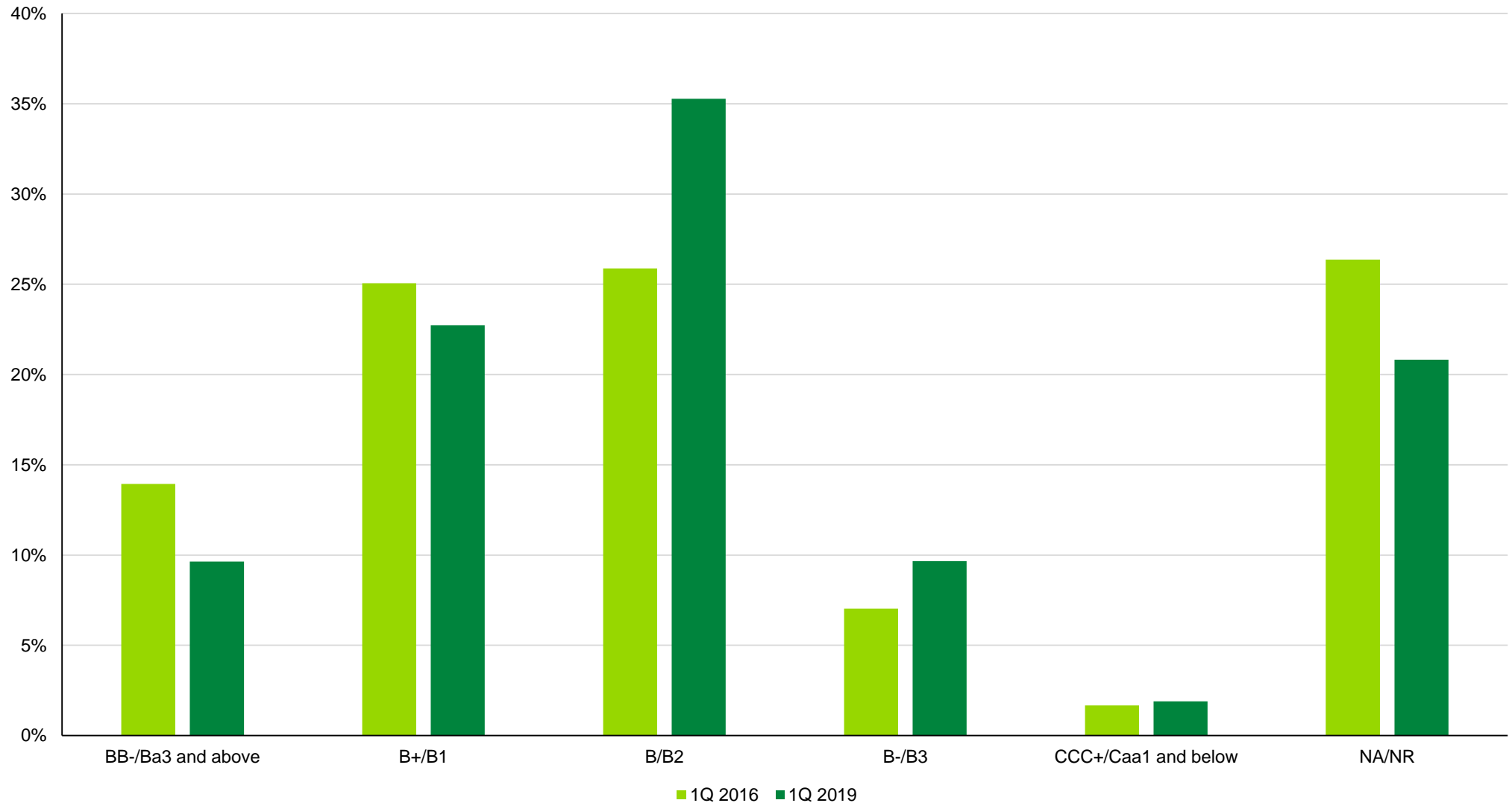


Past performance is not a reliable indicator of future performance.

Source: Morgan Stanley

12th April, 2019

CLO Market Exposure Per Rating Category

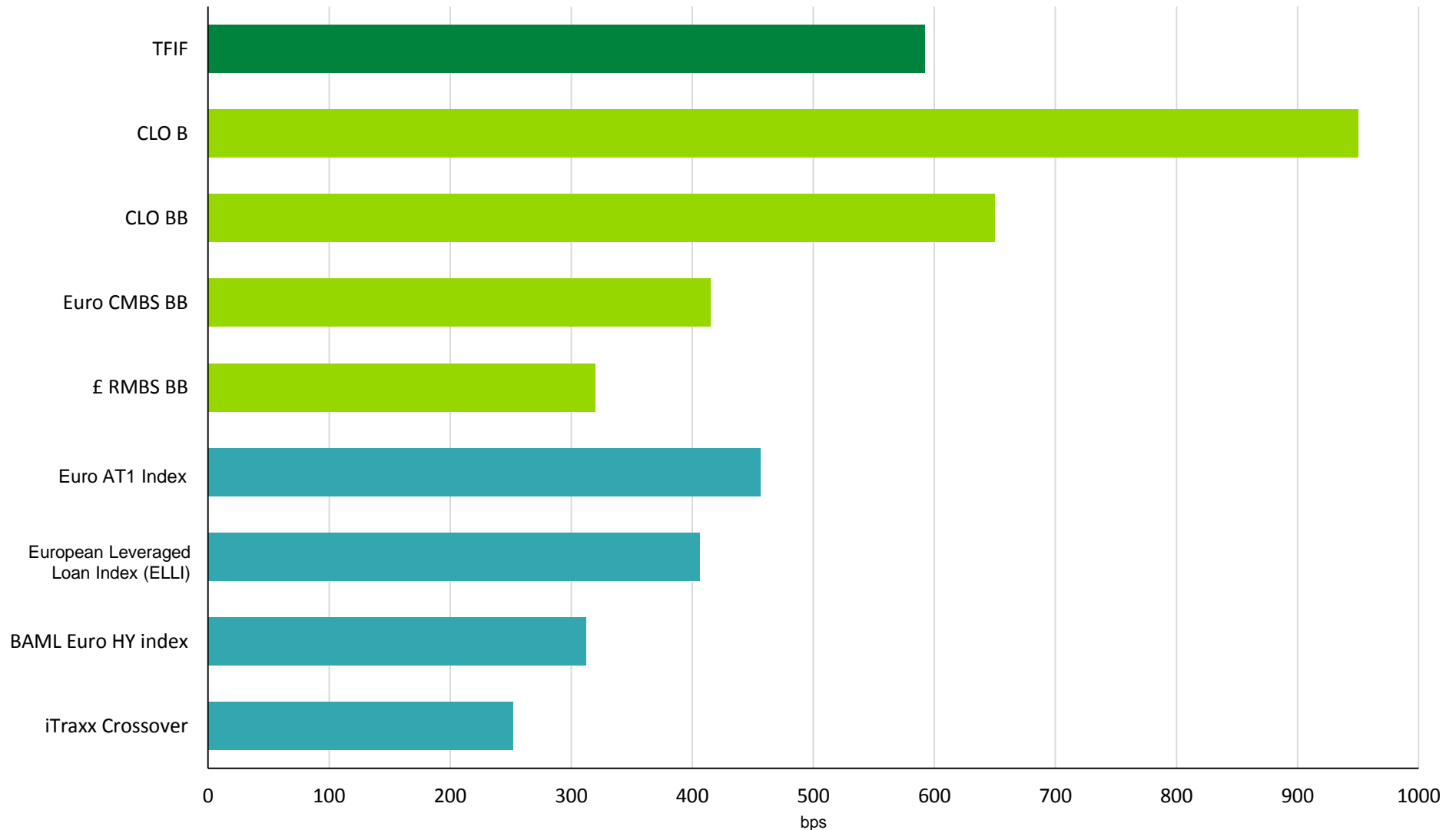


Past performance is not a reliable indicator of future performance.

Source: Morgan Stanley

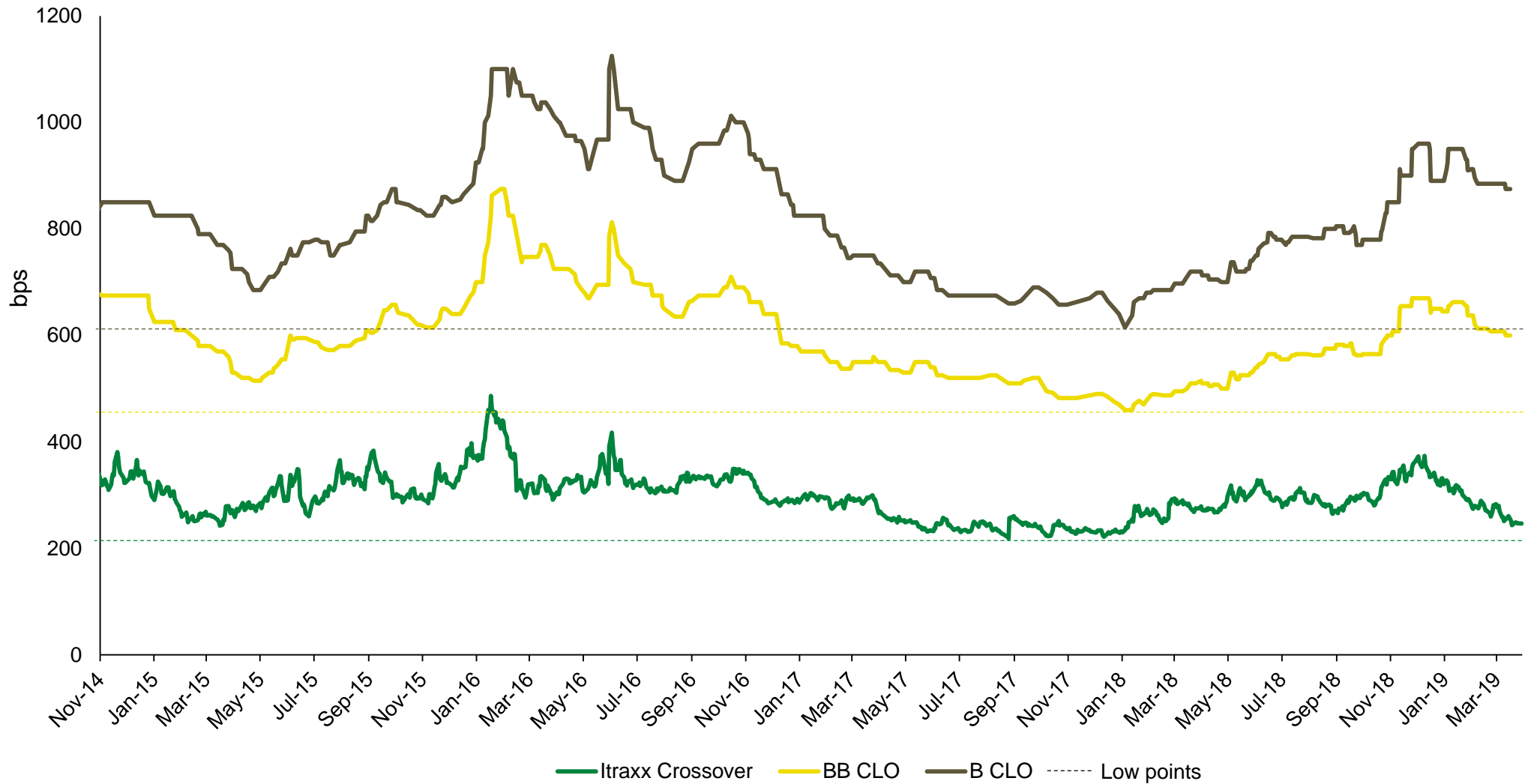
12th April, 2019

Credit Spread Opportunity



Past performance is not a reliable indicator of future performance and it is not possible to invest directly into an index. The TFIF spread is calculated as a weighted average of the mark-to-market discount margins. The spreads for CLO, CMBS and RMBS are based on new issuance levels TwentyFour have seen in March and April 2019. Source: TwentyFour, Bloomberg, Citi. 12th April 2019

CLO Spreads vs Itraxx Crossover



Past performance is not a reliable indicator of future performance.

Source: Citvelocity – CLO spreads, Bloomberg - XOVER

19th April 2019

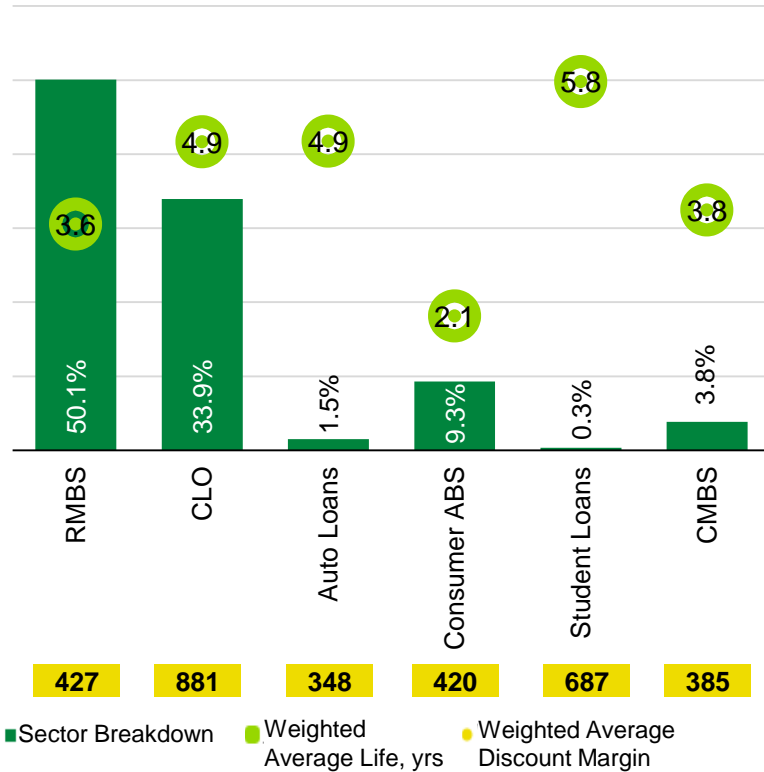
TwentyFour Income Fund Highlights

TwentyFour Income Fund	
Market Capitalisation	£508.1 million
Launch Date	6 th March 2013
Gross Purchase Yield*	7.61%
Interest Rate Duration	0.11yrs
Credit Spread Duration	3.25yrs
3 Year Volatility ¹	3.49%
Average Rating	BB-
Line Items	144
Performance Since Launch**	63.29%
YTD Performance**	1.82%

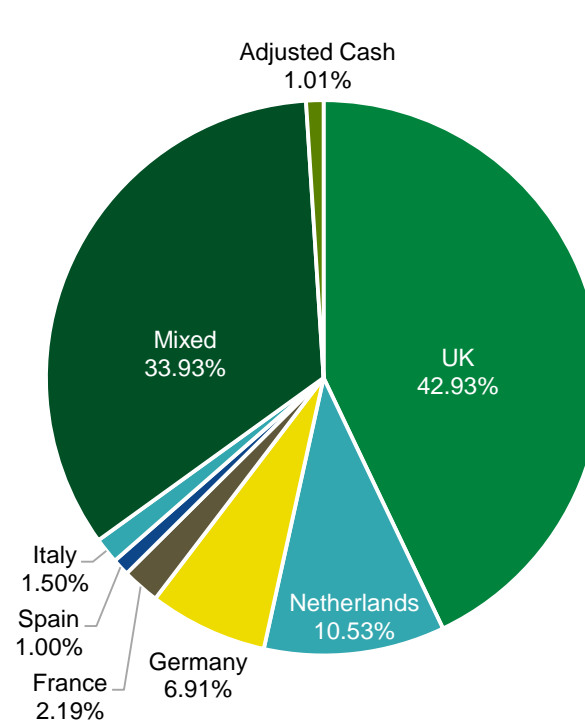
*The Gross Purchase Yield is shown at hedged portfolio level by calculating the return each bond earns on the price at which it was purchased, if held to maturity and gross of fund expenses. (1) Annualised standard deviation of monthly returns over previous 3 year period. Performance is presented in GBP on a NAV mid-to-mid basis inclusive of net reinvested income and net of all fund expenses. Past performance is not a reliable indicator of future performance. Performance data does not take into account any commissions and costs charged when shares are purchased and/or sold. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. **YTD and Inception Performance as of 12th April, 2019. Source: TwentyFour; 29th March, 2019.

TwentyFour Income Fund Portfolio Positioning

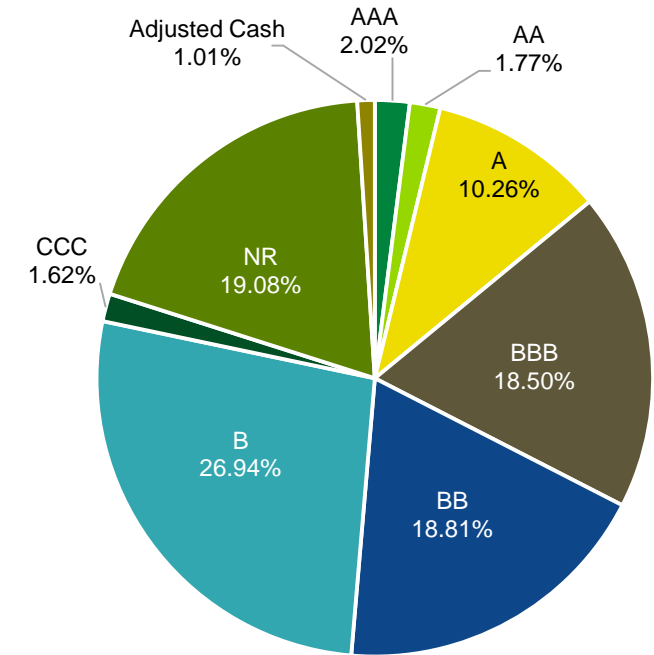
Sector Breakdown



Geographical Breakdown



Rating Breakdown



Trade Examples

	CORDA 4X FRR (CLO)	OPTOM 3 MEZR (UK RMBS)
Originator	<p>CVC Credit</p> <ul style="list-style-type: none"> Refinancing of a 2014 CLO, managed by CVC Credit Partners, an experienced CLO manager globally (\$22bn AUM, 59 investment professionals) Strong historical track record through multiple cycles (14 CLOs), with an average loan loss rate of 0.24% p.a. since 2006 2.1 year reinvestment period and 1 year non call period Largest geographical exposures to France, Germany & the Netherlands ~8% subordination and ~1.75% excess spread Shock test shows capable of withstanding over 1.5x stress seen during the financial crisis 	<p>Optimum Credit</p> <ul style="list-style-type: none"> Second lien Prime, owner occupied mortgages, originated by a Cardiff based specialist lender, owned by Pepper Money 64.8% WA LTV (Max 85%), mostly repayment mortgages Successful issuer in the UK RMBS market Private mezzanine warehouse, with NatWest Markets as a senior lender 5% of subordination and 4% of excess spread Strong credit forecasted to withstand the worst stresses seen in the last 30 years
Rating/WA Life	B-/B2 / 4.0 years	NR / 0.5 years
Price/Yield*	98.25 / Euribor + 8.92%	100.00 / Libor + 7.25%

Stress tests are a forecast of results based on the scenarios tested. *Yield is Mark to Market Yield calculated to the bond's expected maturity. It is the discount rate that makes the current bond price equal to the present value of all cash flows due. Yields shown are gross of expenses. Past and forecasted performance are not reliable indicators of future performance. Performance data does not take into account any commissions and costs charged when purchased and/or sold.

Source: TwentyFour; 12th April, 2019

Proposed Investment Policy – Considerations

	Proposed Position	Comment
Target Total Return	6-9%	No change
Dividend	6p per share	No change
Diversification	50 assets	No change
Investment restrictions		
• Max in single countries that are not Northern European	20%	No change
• Max exposure to single ABS & issuer	5/10/40%	2016 prospectus limited to 5%; currently aligns to UCITS 10% max, but no more than 40% total in excess of 5% of the fund
• Max % of Portfolio that are not securities for the purpose of FSMA	15%	Increased from 10% but individually not more than 3%
Gearing or derivatives for investment purposes	25%	Increased from 10%; intended to mainly be opportunistic and short term
Derivatives for efficient PM/RM (rates, risk & currency)	CDS	No change
	Swaps	No change
	Futures	No change
	Volatility index	No change
Minimum UK and Northern Europe	40%	Currently 89% in Northern Europe
Significant exposure to RMBS/CMBS	No hard limit	No change
Outside UK/EU	10%	US/Global

Source: Prospectus published 12th April, 2019

Placing, Open Offer & Offer for Subscription

- | | |
|---------------------|---|
| • 150m shares | Initial placing |
| • 150m shares | Placing programme |
| • 2% premium to NAV | Placing price |
| • ISA eligible | Under the Open Offer and Offer for Subscription |
| • TFIF.L | Ticker |
| • 1:4 | Open Offer entitlement for those on the register 15 April |

Expected timetable

	2019
• Prospectus publication	12 April
• Deadline of receipt of forms of proxy	7 May
• Latest time for return of open offer and offer for subscription application forms	8 May at 11.00am
• EGM	10 May
• Latest time for receipt of placing commitments (book close)	14 May at 12 noon
• Announcement of funds raise	15 May
• Trade date	15 May
• Settlement and admission	17 May

TwentyFour Income Fund Performance

Cumulative performance	1 month	3 months	6 months	YTD	1 Year	3 Years	5 Years	Since Inception*
NAV per share incl. dividends	0.29%	2.13%	0.48%	1.82%	1.55%	27.09%	28.81%	63.29%

Rolling Performance	12/04/2018 - 12/04/2019	12/04/2017 - 12/04/2018	12/04/2016 - 12/04/2017	12/04/2015 - 12/04/2016	12/04/2014 - 12/04/2015
NAV per share incl. dividends	1.84%	10.16%	14.38%	-6.04%	7.36%

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*Inception date: 6th March, 2013
Source: TwentyFour
12th April, 2019

TwentyFour Income Fund

Key Risks

- All financial investment involves risk. The value of your investment isn't guaranteed, and its value and income will rise and fall. Investors may not get back the full amount invested. The issuer of ABS products may not receive the full amounts owed to them by underlying borrowers, which would affect the value of the fund. Credit and prepayment risks also vary by tranche which may affect the fund's performance
- Past performance is not a reliable indicator of future performance, and the fund may not achieve its investment objective
- The fund has the ability to use derivatives, including but not limited to FX forwards, for hedging purposes only (EPM). This may magnify gains or losses
- Typically, sub-investment grade securities will have a higher risk of issuer default, and are generally considered to be more illiquid than investment grade securities

Aza Teeuwen – Partner, Portfolio Manager



Aza is one of the partners of TwentyFour and a Portfolio Manager. His main responsibility is managing the firm's ABS funds, including the TwentyFour Income Fund, in addition to a number of institutional mandates. He is also a member of the firm's Investment Committee.

Aza has 12 years of experience of fixed income portfolio management. He joined TwentyFour in 2011, after having spent 4 years working for IMC Asset Management in Amsterdam, where he focused on the mezzanine European RMBS and CLO sectors. He holds a master's degree in Financial Engineering & Management from the University of Twente (the Netherlands).

Ben Hayward – Partner, Portfolio Manager

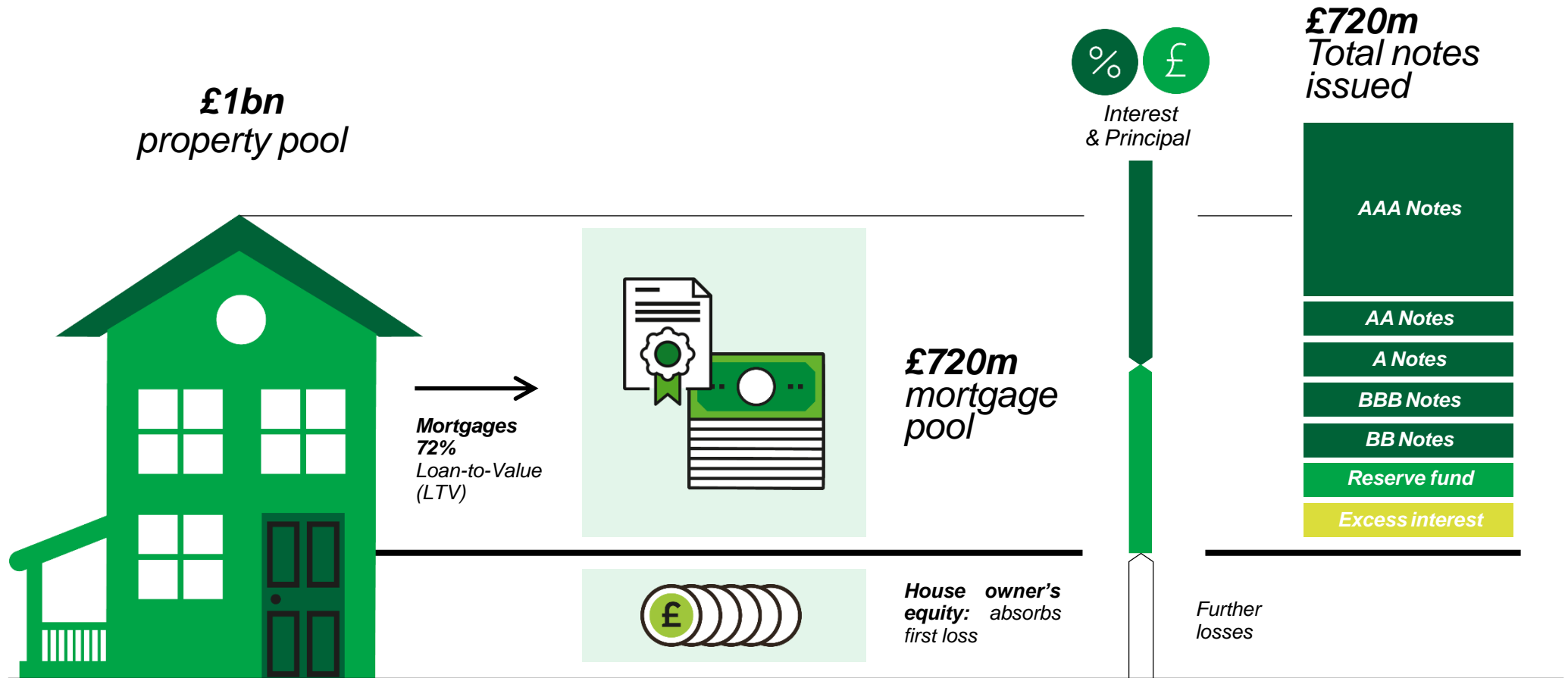


Ben is one of the founding partners of TwentyFour and a Portfolio Manager. He is a member of the firm's Executive Committee which has the overall responsibility for the day to day running of the business.

Ben's main responsibility is managing the ABS business, including the TwentyFour Income Fund, in addition to a number of institutional mandates. He is a member of the Investment, Risk and Product Committees.

Ben has 21 years fixed income portfolio management experience, having spent 9 years at Citigroup Alternative Investments where he was responsible for managing four vehicles that invested \$100bn across ABS and credit.

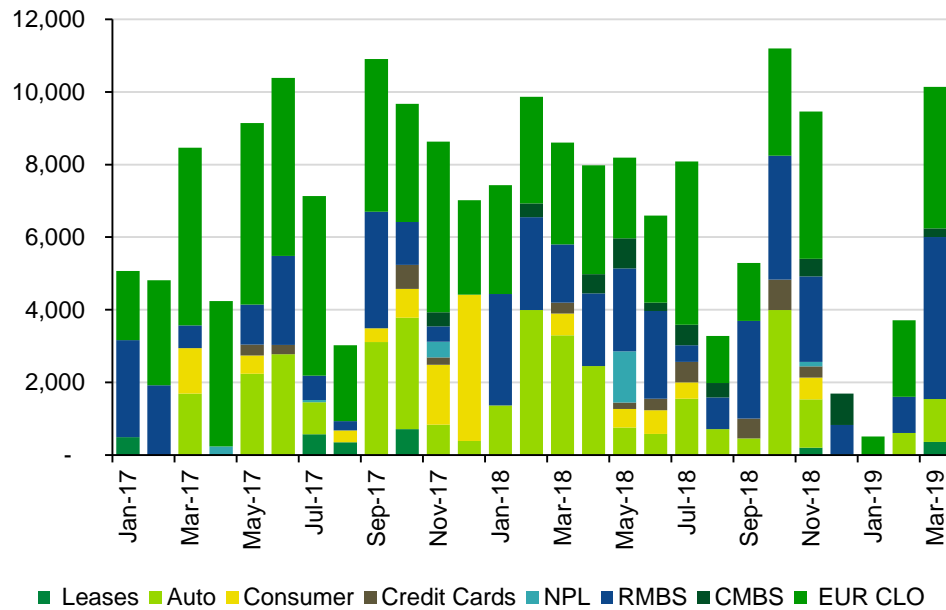
RMBS: A Sample Structure



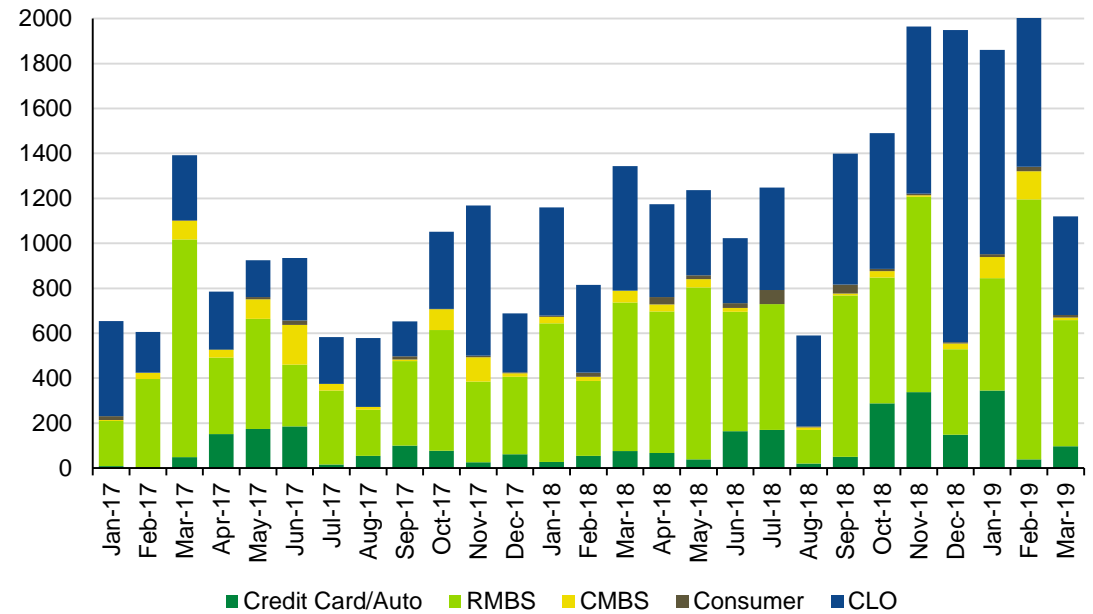
For illustrative purposes to demonstrate the process.
Source: TwentyFour

Primary Market and Liquidity

European Distributed ABS Issuance By Month (€bn)*



CLO BWICS/ABS BWICS (\$mm)**



- 2019 YTD issuance of €21.3bn, net redemptions of €900m
- RMBS is the largest asset class followed by CLOs
- Current size of the European ABS market is €454.2bn

*Source: JPMorgan Research, Morgan Stanley Research, 12th April, 2019

**Source: CitiGroup, JPMorgan, 29th March, 2019

Source: Morgan Stanley, 15th April, 2019

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