TwentyFour ASSET MANAGEMENT

TwentyFour Select Monthly Income Fund Limited

Annual Report and Audited Financial Statements

For the year ended 30 September 2022

CONTENTS

CORPORATE INFORMATION

Directors
Claire Whittet (Chair)
Christopher Legge (resigned 31 January 2022)
Ian Martin
Ashley Paxton (appointed 1 November 2021)
Sharon Parr (appointed 1 November 2022)

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
Maitland Institutional Services Limited
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
One Wood Street
London, EC2V 7WS

Guernsey Legal Adviser to the Company
Carey Olsen
Carey House
Les Banques
St Peter Port
Guernsey, GY1 4BZ

Independent Auditor
PricewaterhouseCoopers CI LLP
PO Box 321
Royal Bank Place
Glategny 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

Listing Sponsor, Broker and Financial Adviser
Numis Securities Limited
45 Gresham Street
London, EC2V 7BF

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”, “PM” or “PMs”) 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 interest rate sensitivity and to mitigate market volatility. The Company’s currency hedging policy will only be used for efficient portfolio management and not to attempt to enhance investment returns.

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 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, both based on the original issue amount of 100p. There is no guarantee that this can or will be achieved. However, the 6p per share Dividend Target has consistently been met. The Portfolio Manager is confident, based on the current outlook, that this Dividend Target will be maintained in the current financial year. 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.

SUMMARY INFORMATION continued

Shareholder Information
Maitland Institutional Services Limited ("Maitland" or the "AIFM") is responsible for calculating the NAV per share of the Company. Whilst Maitland 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 will be calculated as at the close of business on every Wednesday that is also a business day and the last business day of every month and will be announced by a Regulatory Information Service the following business day.

Financial Highlights

	30.09.22	**30.09.21**
Total Net Assets	£151,334,878	£178,003,225
Net Asset Value per Share	69.99p	93.32p
Share price	73.00p	96.20p
Net Asset Value total (loss)/return per share	(18.94%)	14.94%
Premium to NAV	4.30%	3.09%
Dividends declared during the year	6.39p	6.52p
Dividends paid during the year	6.52p	6.14p

As at 11 January 2023, the premium had moved to 1.74%. The estimated NAV per share and share price stood at 74.11p and 75.40p, respectively.

Results are discussed further in the Directors' Report on page 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 2022 were 1.20% (30 September 2021: 1.14%) on an annualised basis.

CHAIRPERSON'S STATEMENT
For the year ended 30 September 2022

Economic background
The year was dominated by the topic of inflation. The continuing Russian conflict in Ukraine added fuel to initial inflation fears with even further supply side disruption and soaring commodity prices. This, along with demand being stronger than expected, meant Central Banks globally had to rapidly raise interest rates. With interest rates increasing and inflation remaining high, market participants worried that the consumer was going to get heavily squeezed. This, as well as global economic sanctions as a result of the Ukraine conflict, meant that general forecasts for the UK currency were significantly downgraded. With traditionally lower risk assets falling due to higher interest rates and elevated inflation and risk-on or growth assets impacted by deteriorating economic fundamentals, correlations increased and historic portfolio safety through fixed income securities was lost.

The May US Consumer Price Index (the "CPI") figure which was released in June at 8.6% (well above the 8.3% estimate) reflected the inflation position. Price increases were broad based with rents, used cars and airline fares all going up, the latter jumping 12.6% for the month. The figure dashed any hope that inflation was going to roll over quickly in the US. The fear of inflation and higher rates causing a recession in the US and further afield, meant that both equities and credit fell sharply. Risk assets were not helped by the release of the Michigan consumer sentiment survey, on the same day as the CPI number, which came in well below consensus at 50.2 being the lowest reading on record. Before the May CPI reading, markets had priced in a 50bp hike for the Federal Reserve Bank (the "Fed") meeting in June. However, as a consequence of the very high CPI figure, the Fed ended up hiking by 75bp at their June meeting. In July, the Fed hiked rates by a further 75bp. Despite a short-term rally in assets towards the end of August, commentary from the US was that the war on inflation was not yet won and September's US inflation figure came in higher than expected at 8.3% year on year (vs 8.1% expected). As a result, more rate hikes were priced in and market sentiment as a whole was very weak.

These trends were global with high inflation and low unemployment seen across all regions. Whilst the Fed hiked by 75bp again in September to get to 3.25%, the European Central Bank exited their long period of negative interest rates and finished the year with the deposit rate at 0.75%. Meanwhile, the Bank of England hiked by 50bp to get to 2.25% in September.

The financial year saw constant headlines surrounding Russian gas supply to Europe concluding with the Nord Stream pipeline being closed by Russia at the beginning of September. Europe, however, has done a good job at gathering alternative energy sources and boosting their storage levels.

In the UK, Liz Truss replaced Boris Johnson as the new Prime Minister. Her new Chancellor of the Exchequer, Kwasi Kwarteng, unveiled a mini budget in September which surprised markets as it included more tax cuts than expected and was unfunded. This fear of additional inflationary and supply pressure led to a sharp sell off of the Gilt curve, which was made worse by the prevalence of liability-driven investment techniques in the UK pension market. The Bank of England intervened to calm markets by announcing a short term operation to buy Gilts with a duration over 20 years to ensure financial stability. After 44 days in office, Liz Truss was quickly replaced as Prime Minister by Rishi Sunak, who, with Jeremy Hunt as Chancellor, unveiled a conservative Autumn budget and significantly reduced the level of Gilts which the UK treasury has to issue.

CHAIRPERSON'S STATEMENT continued

For the year ended 30 September 2022

Economic background continued

To put the moves in fixed income markets this year into context, 10 year Treasuries moved from a yield of 1.5% at the beginning of the year to 3.8% at year end, 10 year Gilts moved from just below 1% to 4.1% and 10 year Bunds moved from -0.16% to 2.1%. Credit spreads widened alongside the rates move, with European high yield spreads moving from 340bps to 504bps and the COCO index (a proxy for subordinated bank debt) widening by 250bps to 493bps. Whilst returns have been negative across all fixed income markets, all-in yields are now significantly higher than longer term averages, and in some places higher than the peak seen during March/April 2020 and the Sovereign credit crisis. Credit fundamentals continue to remain relatively healthy, with the trailing default rates in both the European and US high yield indices at or below 1%. Whilst defaults will probably move higher, default rate forecasts remain subdued given strong corporate balance sheets and low maturity needs. Higher yields discount this possibility and provide some protection for the costs this could bring.

The high level of corporate refinancing in 2020/21 lends support to the expectation of a low default rate, despite the likelihood of recession in 2023/24. This is leading to a growing number of investors who see the current wide credit spreads as an opportunity. Therefore, it is of no surprise to see demand for the Company's shares with 25.5m new shares being issued in the period, and continuing demand after the period end despite the volatile markets.

Given this economic background, the Company, mainly through a combination of unrealised losses and reduction in fair value, saw a significant drop in Net Asset Value over the financial year of circa 19%. The drop was largely in line with general market trends in the wider fixed income market which saw very negative returns. However, the market disruption has led to more attractive yields now being available and has allowed the PMs to switch into new investments with higher purchase yields, whilst limiting the impact on credit quality. Overall, despite the "loss", this has enabled the Company to be well positioned for future returns. Shareholders' faith in the Company was evidenced by steady demand for shares which traded at a premium apart from one day. The demand has been such that the Company tapped during the financial year and has continued to do so post the financial year end.

Return

On formation, the Company's objective was to generate a return of 8-10% with a 0.5p 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. Whilst the Company has failed to achieve its original target capital return, each financial year it has exceeded its Dividend Target. For the year ended 30 September 2022, the final dividend paid for September was 0.89p giving a total annual dividend declared for the financial year of 6.39p.

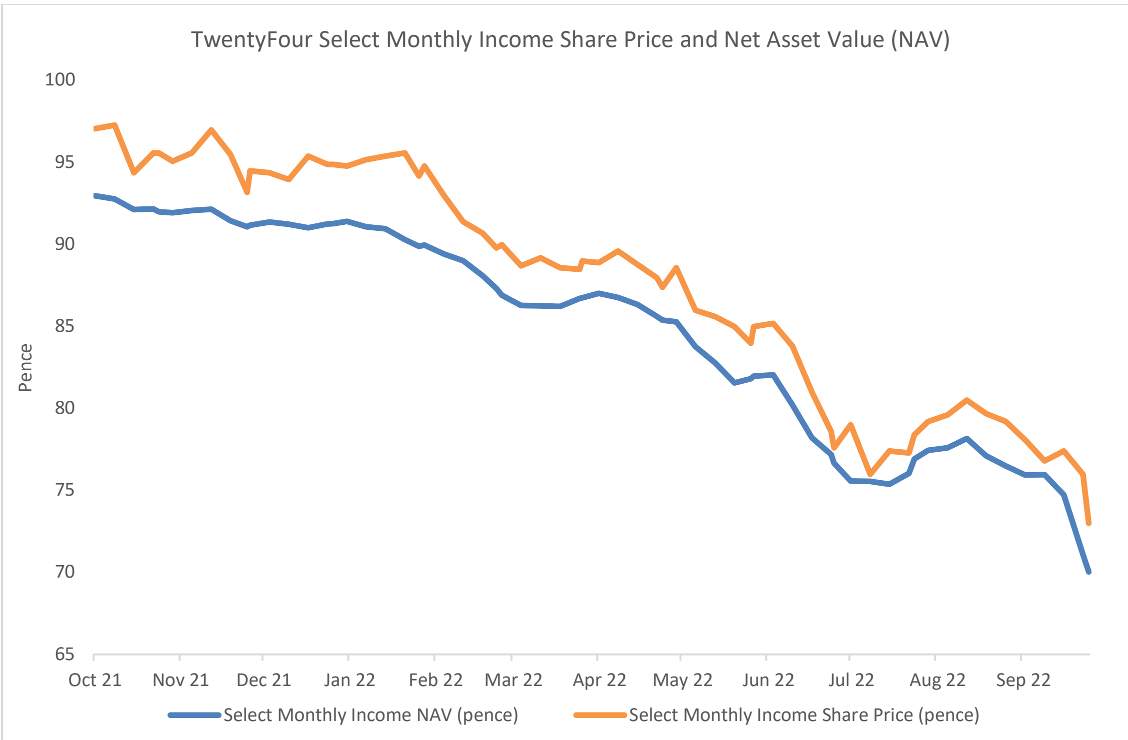
The Board and the PMs are very focussed on the sustainability of the Company's dividend policy and regularly monitor and review the position. A Committee of the Board meets each month to approve the monthly payment of 0.5p per share. The PMs are confident that due to the recent improvement in yields in the market as a result of increasing interest rates, the current monthly Dividend Target of 0.5p remains achievable. However, there is no guarantee that the Company will be able to continue distributing 0.5p per month per share in the years ahead.

CHAIRPERSON'S STATEMENT continued

For the year ended 30 September 2022

Share trading

In a period of very significant macroeconomic volatility, we have continued to experience strong and persistent investor demand. This has resulted in our shares trading at an average premium to net asset value of 3.4%, closing, all bar one trading day, at a premium to net asset value in the financial year. Daily turnover averaged approximately 348,000 shares (excluding the tenders). A total of only 360,087 (equal to 0.2% of issued share capital as at the beginning of the year) were tendered as part of the quarterly tender offers in the financial year, which were placed or purchased by the Company's corporate broker, Numis.



As highlighted in February 2022, macroeconomic developments have led to a number of investment opportunities within the Company's universe that offer attractive return and risk characteristics. Significant investor demand has enabled the Company to capitalise on these opportunities through consistent use of the tap issuance programme. During the year ended September 2022, 25.5m new shares (equal to 13.4% of issued share capital as at the beginning of the year) have been issued across 29 trading days, providing c.£22m of additional capital for the Company to pursue new investment opportunities. This momentum has continued following the year end and as at 11 January 2023 a further 12.1m new shares have been issued.

CHAIRPERSON'S STATEMENT continued

For the year ended 30 September 2022

Other

The Company was formed in February 2014 and entered the Premium Listing of the LSE in March 2014. I joined at inception with the Management Engagement Committee ("MEC") Chair, Ian Martin, joining in July 2014. The initial Audit Chair, Chris Legge, who also joined at inception, rotated off the Board in January 2022, with Ashley Paxton, who joined the Board in November 2021, replacing him as Audit Chair. I would like to thank Chris Legge for his hard work and support throughout his tenure with the Company.

With a view to continuing good succession planning, the Board again engaged an independent recruitment firm, OSA Recruitment, to assist with the recruitment of two new directors. As already announced, Sharon Parr joined the Board on 1 November 2022. Sharon is a Fellow of the Institute of Chartered Accountants, a member of the Society of Trust and Estate Practitioners and was a Managing Director of Barclays. She holds a number of NED positions and will bring a wealth of experience to the Board. It is my intention to rotate off the Board at or before the 2023 AGM having served for 9 years. Ashley Paxton will become Chair and Sharon Parr will take on his role of Audit Chair. Likewise, Ian Martin will rotate off at the 2023 AGM and the Board through its recruitment process has identified his replacement who will join the Board in early 2023. The timing of recruitments allows an overlap of Directors and a handover period and was why the increase in the cap on Directors' fees from £150,000 to £250,000 was approved at the 2022 AGM.

The growth of platform directed investors means that these are now an important part of the register. The Board continues to discuss options to better and economically engage with the full range of our shareholders.

Commentary on ESG is covered on pages 20 and 21 of this report and is a matter which the Board and the PMs take very seriously.

TwentyFour continues to provide excellent material on its website including written commentary and podcasts and via its webinar presentations. The Board continues to liaise closely with the PM and held a Strategy Day at their office in May 2022 when it met senior staff from TwentyFour and Numis.

On behalf of the Board, I would like to thank the shareholders for their continued support. This will be my last Annual Report as Chair but I look forward to the Company's continuing success in the years ahead.

Claire Whittet
Chair
13 January 2023

PORTFOLIO MANAGER'S REPORT
For the year ended 30 September 2022

Market Commentary

After a decade of lower bound or negative rates across much of the developed market the inflationary environment in 2021 and 2022 has forced Central Banks to normalise interest rates quickly, whilst bringing an end to their Quantitative Easing programmes and even beginning the process of unwinding the balance sheet.

The market adjustment as this has taken place has been severe, and 2022 is likely to see negative returns across every developed fixed income market, led by the more interest rate sensitive sectors like government bonds and investment grade credit.

To put the moves into context, the Treasury Index (an aggregate of government bonds issued by the US Treasury), has had the worst first half year since 1788, and given the limited amount of spread on offer in Investment Grade markets, the Global Aggregate Index has had the worst year since the Index's inception.

Further down the quality spectrum, the High Yield market has outperformed given larger spread buffers and less interest rate sensitivity. High Yield corporates came into 2022 in a position of strength, having termed out their maturity profiles in a record year for issuance in 2021, and with record levels of cash as a percentage of debt.

Inflation fears have however shifted through the year to growth fears, and the probability of recessions across developed markets has increased markedly, compounded by Russia's invasion of Ukraine which has further stoked persistently high inflation by cutting off a key source of energy for European economies.

This has ultimately led to some divergence in inflationary trends in Europe relative to the US. Whilst US inflation has been largely driven by demand given a significant pandemic era fiscal package (that was three times the output gap in the US), European inflation has largely been driven by the energy situation. And whilst the trend across all major developed market Central Banks has been towards higher rates, the Federal Reserve have led the charge, engineering the fastest hiking cycle since the early 80s and moving to a significantly restrictive policy stance, well above the banks expectation of the longer-term neutral rate (approximately 2.5%).

Aside from the inflationary backdrop, the market has had to contend with an everchanging geopolitical landscape. Russia's invasion of Ukraine caught many by surprise, and what was initially thought to last for a limited period of time looks now to extend well into 2023 (and potentially beyond). Europe has scrambled to fill the hole left by the announcement from Russia that Nord Stream will no longer supply gas into Europe. Whilst the countries most exposed, like Germany and Italy, have done extraordinarily well to increase gas storage capacity into winter (the vast majority of Europe now has storage capacity of almost 100%), undoubtedly already forcing some demand destruction, there are still questions as to how gas needs are to be filled next year, particularly once winter weather begins to bite.

In the UK, the political environment has been volatile, with the end of Boris Johnson's tenure as PM followed by Liz Truss and Kwarsi Kwarteng's "mini-budget". The announcement of a highly stimulative fiscal package on top of an already large fiscal deficit (which was funding a significant energy bill) led to a sharp widening in Gilts, compounded by leverage driven pension flows, and ultimately needing the Bank of England ("BOE") to step in and execute an emergency bond buying program. The loss of credibility in the government was swift, and ultimately led to the removal of Liz Truss and her cabinet. With the replacement of Rishi Sunak as PM and Jeremy Hunt as chancellor, the market has gotten more comfortable with a cabinet that will be significantly more conservative on the fiscal front, and Gilts have reversed much of the move they saw after the budget announcement.

PORTFOLIO MANAGER'S REPORT continued
For the year ended 30 September 2022

Market Commentary continued

Outside of the European continent we had mid-terms in the US, which saw a far narrower Republican win relative to expectations, and which was followed by an announcement from Donald Trump that he will run for presidency in 2024. We also saw the 5 year party congress in China reinstate President Xi as the leader of the Communist Party, whilst their stance on Covid-Zero was tested after a number of large protests across the country came from a population that were tired of the prohibitive restrictions the Party had enforced.

Financial market volatility remained elevated as we moved towards year end, led by government bond curves. 10 year US Treasuries began the year yielding 1.5% and have steadily increased through the year as the markets expectations around where base rates would ultimately peak increased in conjunction, with yields reaching 3.8% at period end but climbing to 4.25% in October. Futures markets are now pricing in peak bank rates in the US of approximately 5%, confirmed by the last Fed meeting where Chairman Powell guided to a slowing of the extraordinary 75bps hikes seen in the last four meetings but caveated with the notion that a slowing in the pace of hikes does not necessarily mean a lower terminal rate. Europe meanwhile finally exited a long held negative interest rate environment, pushing government bond yields to levels not seen since the Sovereign Credit Crisis. 10 year Bunds started the year at -0.15% and peaked at just under 2.5% in October (they were 2.1% at period end), whilst Gilts, given the political volatility/liability driven investment ("LDI") flows during September, went from 1% at the beginning of the year to a peak of 4.5% just before period close (on the 27 September).

The combination of an inflation print below expectations in the US and a path for slower rate hikes has led to a significant rally in government bond curves since October however. After 10 year USTs reached a peak of 4.25%, they have since rallied to a yield of 3.65%, and the market has begun to look towards the other side of the Fed's hiking cycle and the potential for slower growth in 2023. The move in UK government bonds has been even more extreme, with the peak in 10 year Gilts of 4.5% now down to yields of just over 3%. On a cash price basis, the benchmark 30 year UK government bond is 40% higher than it was at the trough (although still trades at a significant discount to par). Bund yields have rallied by 50bps from the peak to a yield of approximately 2%.

In credit markets, given limited spread protection coming into 2022 (IG markets in the US and Europe had an average spread to their respective government bond curves of just under 100bps, UK IG just over 100bps), total returns have been pressured by the negative underlying rates move in addition to the spread move, with Investment Grade markets in particular leading the decline. All-in Investment Grade yields are now however significantly above their longer-term average (120bps wide of the 20 year average in Europe, 140bps wide in the US, and 110bps wide in the UK), providing some cushion to future spread and rates volatility. In High Yield, the strong fundamental grounding mentioned earlier has cushioned the move wider in spreads, and distress ratios (the percentage of the index trading with a spread of more than 1000bps) remains relatively low. Yields however have also moved significantly wide of their longer-term average with average yields in European High Yield of 7.1%, 8.6% in the US and 10% in the UK.

PORTFOLIO MANAGER'S REPORT continued

For the year ended 30 September 2022

Portfolio Commentary

Risk markets saw significant declines during the period across most geographies and rating bands. High Yield markets across Europe, the US and the UK saw total returns through to the end of October of between -14 and -17%, whilst Investment Grade markets saw returns of -16% in Europe, -19% in the US and -25% in the UK. The COCO index, a proxy for subordinated financial bonds, saw returns of -18% whilst the Emerging Markets High Yield index saw returns of -24%, driven by a significant weakening in the Chinese property sector in late 2021 and early 2022.

Post the period end markets have regained some ground (data to 4 January 2023 and local currency), as described previously, with European High Yield returning 5.55% and COCO markets returning 9.2%. The Company has returned 7.9% since September end.

The Company has seen significant demand for share issuance this year, with combined placements of 25.5m during the financial year. The portfolio management team have focused on improving purchase yields within the Company, with the purchase yield increasing to 8% from just below 7% at the beginning of the year. The purchases were done at higher yields whilst still maintaining the average BB- rating on the Company.

The total return of the Company for the period is -18.3% driven by the sharp move in and widening of government bonds and credit spreads, as we have described, although performance post period end has improved.

The Company has generally performed in line with the various underlying indices, with some underperformance in the Emerging Markets bucket (which is in any case a small percentage of the fund) offset by strong performance in the European High Yield bucket. The composition of the portfolio through the period remained relatively static across sectors, with the biggest change seeing a reduction in the portfolio's exposure to Emerging Markets offset by an increase in the portfolio's exposure to additional Tier 1 bonds.

Market Outlook and Strategy

Looking ahead, the team believe the outlook for returns has significantly improved given much higher starting yields and an expectation that government bond volatility will decline as the Central Banks move closer to peak base rates and inflation pressures start to subside.

The opportunity set in fixed income has rarely been this attractive, with many investment grade bonds now yielding significantly more than the CCC rated index yielded in September of 2022, so the team are focusing on continuing to rotate assets and increase purchase yields whilst maintaining the solid BB- rating.

TwentyFour Asset Management LLP
13 January 2023

TOP TWENTY HOLDINGS
As at 30 September 2022

	Nominal/ Shares	Credit Security # Sector	Fair Value * £	Percentage of Net Asset Value
Nationwide Building Society 10.25 29/06/2049	40,960	Financial - Banks	4,760,747	3.15
Rothesay Life 6.875 31/12/2049	4,542,000	Financial - Insurance	3,680,576	2.43
Oaknorth Bank 7.75 01/06/2028	3,000,000	Financial - Banks	2,880,000	1.90
Aareal Bank AG 29/11/2049	3,600,000	Financial - Banks	2,805,449	1.85
Armada Euro Clo 15/07/2033	4,000,000	ABS	2,751,618	1.82
Santander UK PLC 10.375%	2,000,000	Financial - Banks	2,644,652	1.75
Arbour Clo II FRN 15/04/2034	4,000,000	ABS	2,345,392	1.55
Investec 6.75 FRN 31/12/2049	2,700,000	Financial - Banks	2,291,582	1.51
Societe Generale 4.75% 31/12/2049	3,300,000	Financial - Banks	2,219,363	1.47
Avoca Clo XIII FRN 15/04/2034	3,500,000	ABS	2,127,634	1.41
UnipolSai Assicurazioni, 6.375% perp	3,100,000	Financial - Insurance	2,116,378	1.40
Volksbank Wien-baden A.G 7.75 31/12/2049	2,600,000	Financial - Banks	2,106,393	1.39
Optimum Three Ltd '3 Mez6' Frn 25/4/2023	2,100,000	ABS	2,100,000	1.39
Phoenix Group 5.75 31/12/2049	2,780,000	Financial - Insurance	2,095,813	1.38
Intesa Sanpaolo 6.375 31/12/2049	3,110,000	Financial - Banks	2,081,257	1.38
Banco de Sabadell, 5% perp	3,400,000	Financial - Banks	2,057,809	1.36
OneSavings Bank, 6% perp	2,800,000	Financial - Banks	2,019,593	1.33
VSK Holdings Limited VAR 31/7/2061	309,000	ABS	1,829,210	1.21
St Pauls Clo 25/04/2030	2,835,000	ABS	1,800,562	1.19
Bank Of Ireland Group 7.5% 31/12/2049	2,000,000	Financial - Banks	1,650,923	1.09
Total			48,364,951	31.96

* 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 2022 can be obtained from the Administrator on request.

BOARD MEMBERS

Biographical details of the Directors are as follows:

Claire Whittet – (Chair)
Ms Whittet is a resident of Guernsey and has over 40 years' experience in the banking industry. She joined Rothschild Bank International Ltd as a Director in 2003 and was latterly Managing Director and Co-Head before becoming a non-executive Director on her retirement in 2016. She began her career at the Bank of Scotland where she was for 19 years in a variety of personal and corporate finance roles and subsequently, joined Bank of Bermuda as Global Head of Private Client Credit before joining Rothschild.

Ms Whittet has extensive non-executive director experience and is a non-executive director of a number of listed investment funds and PE entities which invest in a wide range of assets.

Ms Whittet holds an MA from Edinburgh University, is a member of the Chartered Institute of Bankers in Scotland, a member of the Chartered Insurance Institute, a Chartered Banker, a member of the Institute of Directors and holds the Institute of Directors Diploma in Company Direction. Ms Whittet was appointed to the Board on 12 February 2014.

Christopher Legge - (non-executive Director)
Mr Legge resigned from the Board on 31 January 2022. He is a Guernsey resident and worked for Ernst & Young in Guernsey from 1983 to 2003. Having joined the firm as an audit manager in 1983, he was appointed a partner in 1986 and managing partner in 1998. From 1990 to 1998, he was head of Audit and Accountancy and was responsible for the audits of a number of banking, insurance, investment fund, property fund and other financial services clients. He also had responsibility for the firm's training, quality control and compliance functions. He was appointed managing partner for the Channel Islands region in 2000 and merged the business with Ernst & Young LLP in the United Kingdom. He retired from Ernst & Young in 2003.

During the year Mr Legge held a number of non-executive directorships in the financial services sector and also chairs the Audit Committees of several UK listed companies. He is a Chartered Accountant and holds a BA (Hons) in Economics from the University of Manchester. Mr Legge was appointed to the Board on 12 February 2014.

Ian Martin - (non-executive Director)
Mr Martin has over 37 years' experience in finance gathered in a variety of multi asset investment focused roles in the UK, Asia, Switzerland and South America. More recently he was the Chief Investment Officer (CIO) and Head of Asset Management and Research at Lloyds Bank in Geneva and then Head of Bespoke Portfolio Management and Advisory for key clients in UBP Bank in Geneva. Previous roles have included senior roles in equity derivatives and multi asset trading as well as CIO and Managing Director of a Fund of Hedge Funds company.

Mr Martin has an MSc, is a Fellow of the Institute of Directors (IOD) holding the Chartered Director qualification as well as being a Chartered Member of the Chartered Institute of Securities and Investment (CISI). Mr Martin was appointed to the Board on 15 July 2014.

Ashley Paxton - (non-executive Director)
Mr Paxton was appointed to the Board on 1 November 2021. He is a Guernsey resident and has worked in the financial services sector for nearly 30 years, with deep sectoral experience supporting listed funds in both London and Guernsey throughout that time. He trained as a Chartered Accountant with MacIntyre & Co in London before moving to KPMG's financial services group upon qualification in 1996. He moved to Guernsey in 2002 having accepted an audit partner appointment with KPMG in the Channel Islands. In 2008, Mr Paxton transitioned from audit and developed a Channel Islands advisory practice for the firm, growing it into a full taxonomy of services across transactions, restructuring, management and risk consulting. He remained as C.I. Head of Advisory for the firm through to his retirement in 2019.

BOARD MEMBERS continued

Ashley Paxton - (non-executive Director) - continued
Mr Paxton holds a number of non-executive directorships across the financial services sector, including the listed fund sector. He also plays an important role in the local third sector as chairman of the Youth Commission for Guernsey & Alderney.

Mr Paxton is a Fellow of the Institute of Chartered Accountants in England and Wales and holds an Economics degree from the University of Warwick.

Sharon Parr - (non-executive Director)
Ms Parr was appointed to the Board after the year end, on 1 November 2022. In 2003, she completed a private equity backed MBO of the trust and fund administration division of Deloitte and Touche, called Walbrook, selling it to Barclays Wealth in 2007. As a Managing Director of Barclays, she ultimately became global head of their trust and fund administration businesses, comprising over 450 staff in 10 countries. She stepped down from her executive roles in 2011 to focus on other areas and interests but has maintained directorships in several companies some of which are public listed companies.

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.

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
Claire Whittet (Chair)	
BH Macro Limited	London
Eurocastle Investment Limited	Amsterdam
Riverstone Energy Limited	London
Third Point Investors Limited	London
Ian Martin	
None	
Ashley Paxton	
Downing Renewables & Infrastructure Trust plc	London
Ikigai Ventures Limited	London
JZ Capital Partners Limited	London
Sharon Parr (appointed 1 November 2022)	
JZ Capital Partners Limited	London

Christopher Legge resigned on 31 January 2022 therefore his directorships in other public listed companies are not disclosed.

STRATEGIC REPORT

For the year ended 30 September 2022

The Directors submit to the Shareholders their Strategic Report for the year ended 30 September 2022.

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 Directors to continue to operate the Company so that each year this tax-exempt status is maintained.

Investment Objectives and Policy

The Company's investment objective and policy is set out in the Summary Information on page 3.

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 2022 totalled 6.39p (30 September 2021: 6.52p).

Long-Term Growth in Capital Value

The asset value of the Company's portfolio is heavily influenced by external macro-economic factors. The Directors regularly discuss the portfolio with the Portfolio Manager. Additional details are covered in the Chairperson'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 market and macro environments have become more challenging over the period and the possibility of more extreme outcomes has increased. Critically markets now discount a more risky future and the Board retains a consistent market risk appetite, despite the Company experiencing a significant drop in value over the year. This performance was largely in line with the wider fixed income market that saw very negative returns, reflecting the economic volatility and heightened geopolitical tensions experienced during 2022. The attractive yields now on offer have enabled the Portfolio Manager to increase purchase yields whilst limiting the impact on credit quality, thereby positioning the Company for potentially better future returns.

STRATEGIC REPORT continued

For the year ended 30 September 2022

Business Environment continued

Principal Risks and Uncertainties continued

Market risk continued
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 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 2022.

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.

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 and these have been particular features this financial year.

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. These are discussed in detail in note 16 to the financial statements.

Credit risks have increased over the period, and markets have moved relatively quickly to accommodate greater uncertainty through wider spreads. This enabled the Company to refocus its portfolio during the year to take advantage of the attractive yields on offer, thus improving purchase yields whilst limiting the impact on quality and maintaining portfolio shape. In particular the high level of corporate refinancing in 2020/21 lends support to the expectation of a manageable default rate, despite the likelihood of recession in 2023/24.

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, buying back Ordinary Shares under the Quarterly Tenders or in the market. There may be no active market in the Company's interests 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. As a consequence, 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 the Company's Administrator and could be re-instated in the future subject to the prior agreement of the Administrator.

The liquidity environment has reduced over the period but remains supportive for the Company's size, business model and objectives. Each quarter, the Board formally reviews documentation provided by the Portfolio Manager pertaining to liquidity risk.

STRATEGIC REPORT continued
For the year ended 30 September 2022

Business Environment continued

Principal Risks and Uncertainties continued

Valuation of Investments
The Company's investments had a fair value of £148,915,038 as at 30 September 2022 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) but the use of an independent third-party valuation expert was used to value approximately 2.7% of the Company's Level 3 investments at 30 September 2022.

Income recognition risk
As disclosed in note 3(ii)(d) of the notes 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 PM'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 materially 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, within 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.

A Committee of the Board meets each month to consider and, if appropriate, approve an interim dividend of 0.5p per share, 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 very focused on the sustainability of the dividend and regularly monitor and review the position. The Portfolio Manager is confident that due to the recent improvement in yields in the market as a result of increasing interest rates, 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 Directors formally consider at each monthly meeting prior to approving each dividend payment. If at the time a dividend is to be made the Directors believe that the solvency test cannot be passed, then no payment will be made.

STRATEGIC REPORT continued

For the year ended 30 September 2022

Business Environment continued

Principal Risks and Uncertainties continued

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. Ordinary Shares trading at a discount to NAV over a long period of time may impact the viability of the Company. 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 Directors 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 2022 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, 390,618 shares were tendered. All shares were initially purchased by the Broker and subsequently placed with investors.

Shareholder base

The Corporate Broker has limited ability to engage with all investor types and non-institutional investors now form a large shareholder group. These are often more active on a daily basis than passive institutional holders, and with turnover in the shares relatively low, have 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 become hostage to periods of short-term market volatility.

The Board monitors shareholder opinions through their own channels and where possible utilises the broker and media to identify potential periods of disequilibrium. The Board is reviewing avenues to better engage with all shareholder groups and in doing so has to weigh up the cost of this against the long-term benefits. Subject to market conditions and cost benefit factors the Board will actively utilise its buy back, Treasury capacity and ability to sell shares through taps directly into the market to help limit this risk.

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, 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 regulations and good practice and has ESG 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, Administrator and Custodian and Depositary 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.

STRATEGIC REPORT continued
For the year ended 30 September 2022

Business Environment continued

Other Risks and Uncertainties continued

Operational risks continued
The Company is exposed to cyber-attack risk through its Service Providers. Through the Management Engagement Committee, 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. Due to COVID-19, Service Providers adopted a work from home arrangement. Since that time, some Service Providers have continued to work from home from time to time. None of the Service Providers have reported any problems regarding cyber security when questioned by the MEC.

The Board's assessment of operational risks has not materially changed during the year and 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 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.

Emerging Risks and Uncertainties
The Board has identified the following emerging risks and uncertainties along with steps taken to monitor them (and mitigate where appropriate/possible):

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 so as to best articulate the low levels of climate risk to which the Board believes the Company is exposed.

The PM considers environmental, social and governance ("ESG") factors in the investment process, utilising an integrated approach. Additional information is detailed on pages 20 and 21.

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.

STRATEGIC REPORT continued

For the year ended 30 September 2022

Emerging Risks and Uncertainties continued

Environmental, Social and Governance continued

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 goals and is not an ESG Company. However, the PM 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 PM for every transaction as part of their investment process. Climate risks are incorporated in the ESG analysis under environmental factors.

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 Chairperson's Statement and the Portfolio Manager's Report on pages 5 to 11.

Board Diversity

When appointing new Directors and reviewing the Board composition, the Nomination Committee considers, amongst other factors, cognitive diversity, balance of skills, knowledge, gender, social and ethnic background and experience. The Nomination Committee, however, does not consider it appropriate to establish targets or quotas in this regard. As at 30 September 2022, the Board consisted of one female and two male Directors. Ms Parr was appointed on 1 November 2022 after a rigorous appointment process. The Company has no employees.

Shareholder Engagement

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

The Portfolio Manager and Numis Securities Limited as Listing Sponsor 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 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 Company maintains a website which contains comprehensive information, including links to regulatory announcements, share price information, financial reports, investment objectives, monthly factsheets and investor contacts.

STRATEGIC REPORT continued

For the year ended 30 September 2022

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 Company 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 are prescribed by regulation. The figures in the KID may not reflect the PM's expected returns for the Company and anticipated returns cannot be guaranteed.

Key Performance Indicators ("KPIs")

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. 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;
- Discount/Premium; and
- Ongoing Charges.

A record of these measures is disclosed on page 4.

Net Asset Value

The Net Asset Value ("NAV") per Ordinary Share, including revenue reserve, at 30 September 2022 was 69.99p, based on net assets as at this date of £151,334,878 divided by number of Ordinary Redeemable Shares in issue of 216,213,518 (30 September 2021: 93.32p based on net assets of 178,003,225 divided by number of Ordinary Redeemable Shares in issue of 190,738,518).

Share Price

The Share Price is the price per share per Ordinary Redeemable Share trading on the London Stock Exchange. On 30 September 2022, the share price was 73.00p (30 September 2021:96.20p).

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 2022, the premium to NAV was 4.30% (30 September 2021: premium of 3.09%).

Ongoing Charges

Ongoing charges for the year ended 30 September 2022 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.

STRATEGIC REPORT continued
For the year ended 30 September 2022

Position and Performance continued

Ongoing Charges continued
The ongoing charges for the year ended 30 September 2022 were 1.20% (30 September 2021: 1.14%). The ongoing charges were calculated as follows:

	30.09.22	**30.09.21**
	£	**£**
Ongoing Charges		
Average NAV for the year (a)	172,466,786	181,779,012
Total expenses	2,074,360	2,080,343
Total recognised expenses (b)	2,074,360	2,080,343
Ongoing Charges (b/a)	1.20%	1.14%

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

The dividend per share for the year ended 30 September 2022 was 6.39p (30 September 2021: 6.52p) meaning that the Company met its Dividend Target for the current year. During the year the following dividends were declared:

Period to	Dividend per Share (pence)	Dividend declared (£)	Ex-dividend date	Record date	Pay date
29 October 2021	0.50	966,193	18 November 2021	19 November 2021	30 November 2021
30 November 2021	0.50	966,193	16 December 2021	17 December 2021	5 January 2022
31 December 2021	0.50	978,693	20 January 2021	21 January 2022	4 February 2022
31 January 2022	0.50	998,693	17 February 2022	18 February 2022	4 March 2022
28 February 2022	0.50	1,014,818	17 March 2022	18 March 2022	1 April 2022
31 March 2022	0.50	1,029,318	14 April 2022	19 April 2022	6 May 2022
29 April 2022	0.50	1,037,818	19 May 2022	20 May 2022	6 June 2022
31 May 2022	0.50	1,043,318	16 June 2022	17 June 2022	1 July 2022
30 June 2022	0.50	1,049,818	14 July 2022	15 July 2022	29 July 2022
29 July 2022	0.50	1,070,568	18 August 2022	19 August 2022	2 September 2022
31 August 2022	0.50	1,078,568	15 September 2022	16 September 2022	30 September 2022
30 September 2022	0.89	1,928,308	20 October 2022	21 October 2022	4 November 2022

The Directors will continue to monitor the appropriateness of the dividend policy.

STRATEGIC REPORT continued

For the year ended 30 September 2022

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.

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.

Despite the increase in accumulated losses for the year ended 30 September 2022, the Company declared dividends for the financial year of 6.39p per share, and each financial year 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 recent improvement in yields in the market as a result of increased interest rates, the Dividend Target remains achievable.

Quarterly Tenders

The Company has incorporated into its structure a mechanism for a quarterly tender to reduce 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 Directors 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. Ordinary Shares trading at a discount to NAV over a long period of time may impact the viability of the Company.

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 2022 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, 390,618 shares were tendered. All shares were initially purchased by the Broker and subsequently placed with investors. Additional information on the tenders is detailed in the Chairperson's Statement.

As part of the Board's viability assessment for the 3 years period to 30 September 2025, 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.

STRATEGIC REPORT continued

For the year ended 30 September 2022

Viability Statement continued

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 over the three-year period to 30 September 2025 being the viability period.

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:

Section 172 factor	Key examples	Location
Consequences of decisions in the long term	Investment Objectives and Policy	Summary Information
	Future Prospects	Strategic Report
	Dividend policy	Note 19
	Viability Statement	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 Broker, the Legal Adviser 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 13 January 2023 by:

Claire Whittet Chair	Ashley Paxton Director

DIRECTORS' REPORT

The Directors present their Annual Report and Audited Financial Statements for the year ended 30 September 2022.

Business Review

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 LSE on 10 March 2014.

Investment Objective and Policy
The investment objective and policy is set out in the Summary Information on page 3.

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 (ii) to the Financial Statements.

Shareholder Information
Shareholder information is set out in the Summary Information on page 3.

The Company had the ability to issue up to 20,996,351 ordinary shares under a tap facility as approved at the Annual General Meeting ("AGM") on 22 July 2022. On 10 November 2021 a written resolution was passed to issue a new Block Listing facility for 28,447,703 ordinary shares. During the financial year ended 30 September 2022, the Company issued 25.5m shares.

Going Concern Statement
A fundamental principle of the preparation of financial statement in accordance with IFRS 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.

Despite the Company experiencing a significant drop in NAV over the year (this performance was largely in line with the wider fixed income market that saw very negative returns, reflecting the economic volatility and heightened geopolitical tensions experienced during 2022), the Company continued to meet its Dividend Target. The attractive yields now on offer have enabled the Portfolio Manager to increase purchase yields whilst limiting the impact on credit quality, thereby positioning the Company for potentially better future returns, and the Company's NAV has seen some sign of improvement post year end.

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 3), 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 (pages 24 and 25), 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 directors continue to adopt the going concern basis in preparing these financial statements.

DIRECTORS' REPORT continued

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 PM 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.

The results for the year are set out in the Statement of Comprehensive Income. The Directors paid dividends of £13,190,681 in respect of the year ended 30 September 2022, a breakdown of which can be found in note 19 to the Financial Statements. The 30 September 2022 distribution which was declared on 13 October 2022 was paid on 4 November 2022.

Retained earnings worsened 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 such as those prevalent in the financial year.

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 PM. The ability to do this is fundamentally impacted by the nominal (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 objectives.

Alternative Investment Fund Manager ("AIFM")

Alternative investment fund management services are provided by Maitland Institutional Services Limited ("Maitland") (formerly Phoenix Fund Services (UK) Limited). The AIFM fee is payable quarterly in arrears at a rate of 0.07% of the NAV 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. For additional information refer to note 15 to the Financial Statements.

DIRECTORS' REPORT continued

Custodian and Depositary
Custody and Depositary services are provided by Northern Trust (Guernsey) Limited. The terms of the Depositary agreement allow Northern Trust (Guernsey) Limited to receive professional fees for services rendered. The Depositary 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 at the date of this Report are set out on page 2.

Directors' and Other Interests
The Directors of the Company held the following Ordinary Shares beneficially:

	30.09.22 Shares	**30.09.21 Shares**
Claire Whittet	25,000	25,000
Christopher Legge*	50,000	50,000
Ian Martin	35,000	35,000
Ashley Paxton**	22,500	-
Sharon Parr***	-	-

* Christopher Legge resigned on 31 January 2022.
** Ashley Paxton was appointed on 1 November 2021.
*** Sharon Parr was appointed on 1 November 2022.

The Board do not hold any shareholdings in entities where the Company has a stake in the same entity that amounts to more than 1% of its portfolio.

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 (the "GFSC Code") issued by the Guernsey Financial Services Commission.

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 pages 36 to 37, 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 consider 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.

DIRECTORS' REPORT continued

Corporate Governance continued
Throughout the year ended 30 September 2022, 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;
- Senior Independent Director;

For the reasons set out in the AIC Guide, 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.

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 pages 36 to 37.

The Board typically consists of three non-executive Directors, but with the appointment of Ms Parr on 1 November 2022 has temporarily 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. The Board considers it has the appropriate balance of diverse skills and experience, independence and knowledge of the Company and the wider sector, to enable 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 Claire Whittet. 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 13 to 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.

DIRECTORS' REPORT continued

Corporate Governance continued

Role, Composition and Independence of the Board continued

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 and 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 PM, 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 Directors are 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 Directors.

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 Directors are 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 has also given careful consideration to the recommendations of the Davies Review. The Board has reviewed its composition and believes that the current appointments provide an appropriate range of skills, experience and diversity. In order to maintain its diversity, the Board is committed to continuing its implementation of the recommendations of the Davies Review as part of its succession planning over future years and complying with the disclosure requirements of DTR 7.2.8 in terms of the Company's diversity policy.

Succession planning is key to the continuance of good corporate governance. As detailed in the Chair's statement, two of the current Board are due to rotate off the Board at or before the next AGM having served 9 years. Using an independent recruitment firm, Sharon Parr was appointed to the Board on 1 November 2022 and a second director has been identified using the same firm and will be joining the Board in early 2023.

Directors' Attendance at Meetings

The Board holds 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 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 but these meetings are also supplemented by communication and discussions throughout the year.

DIRECTORS' REPORT continued

Corporate Governance continued

Directors' Attendance at Meetings continued
A representative from each of the Portfolio Manager, AIFM, Administrator, Custodian and Depositary and Corporate Broker attends each Board meeting either in person or by telephone 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 MEC 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 Tender 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 Depositary and the Corporate Broker.

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 at the Board, Audit and Management Engagement Committee meetings 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
Claire Whittet	4	4	2	2	1	1	1	1	17	12
Christopher Legge*	4	1	2	-	1	-	1	-	17	6
Ian Martin	4	4	2	2	1	1	1	1	17	12
Ashley Paxton**	4	4	2	2	1	1	1	1	17	13

* Christopher Legge resigned on 31 January 2022.
** Ashley Paxton was appointed on 1 November 2021.

At the Board meetings, the Directors review the management of the Company's assets and liabilities and all other significant matters so as 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 38 to 39.

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 to allocate and would inform the Board of any subsequent changes.

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.

DIRECTORS' REPORT continued

Corporate Governance continued

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. Notwithstanding the foregoing, all Directors have agreed to stand for re-election annually and all were re-elected with votes in favour in excess of 90% at the AGM. Claire Whittet and Ian Martin have indicated that they will not be standing for re-election at the 2023 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 with Ian Martin appointed as Chair. These 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 interest of the Company.

The Board conducts an annual strategy day with the Portfolio Manager at their offices and did so in May 2022 when they met with various TwentyFour staff and representatives of Numis. In addition, the Directors have attended various webinar presentations by the PM.

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

Audit and Risk Committee
An Audit and Risk Committee has been established consisting of all Directors, where Christopher Legge served as chair until 31 January 2022 at which date he resigned and Ashley Paxton was appointed in his place. As there are only 3 Directors of the Company as at 30 September 2022, the Board considers it appropriate that all Directors should be members of the Audit and Risk Committee. 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 page 40.

DIRECTORS' REPORT continued

Corporate Governance continued

Remuneration and Nomination Committee
The Remuneration and Nomination Committee has been established consisting of all Directors. Christopher Legge served as chair until 31 January 2022 at which date he resigned and Ashley Paxton was appointed in his place.

The Committee, consisting of all the Directors at that time, met on 1 September 2021. It was recommended that the base director fee level be increased to £35,000 per annum and the MEC Chairman be increased to £37,000 per annum with effect from 1 October 2021.The Board Chair and Audit Committee Chair remuneration was to remain unchanged.

The Committee met on 6 September 2022. It was recommended that the current Directors' remuneration remain unchanged. At the AGM on 22 July 2022, it was resolved that the cap on the annual Directors' fees amount be increased from £150,000 to £250,000 to allow headroom for additional director recruitment in connection with succession planning.

The Committee continues to review succession planning. The succession plan was tabled by the Chair at the Remuneration and Nomination Committee meeting on 6 September 2022. It was noted that Ms Whittet was coming up to her 9 year tenure in February 2023 and Mr Martin would reach his 9 years in July 2023. As detailed in the Chair's statement and elsewhere, the recruitment process has been completed with Ms Parr joining the Board with effect from 1 November 2022 and a further Director joining in early 2023, thereby allowing an overlap with Ms Whittet and Mr Martin who will retire before or at the 2023 AGM.

Diversity of the Board was discussed and it was noted that the split of 33% as at 30 September 2022 remained within the gender diversity guidelines as at the end of the financial year. The Committee also discussed the skills and experience of the Board and considers them adequate to fulfill their duties.

The Chair noted that the Board may fall short on the racial diversity recommendation. However, the Board was only 3 Directors, is currently 4 and will be 5 for a short period before reverting to 3. Given its size and necessary diversity of skills, whilst racial diversity will be considered, it is difficult to implement at this time.

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

Corporate Governance continued

Strategy

The strategy for the Company is to capture the illiquidity premium that is associated with 'off the run' bond issues. As part of the general search for high conviction, relative value securities, the Portfolio Manager continually came across interesting investment opportunities but too often these bonds did not offer sufficient liquidity to use in the typical daily mark-to-market UCITs funds, however they are suitable for closed ended vehicles. 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 page 27, 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.

DIRECTORS' REPORT continued

Significant Shareholdings
Shareholders with holdings of more than 3.0% of the Shares of the Company at 11 January 2023 were as follows:

	Number of shares	Percentage of issued share capital
Huntress (CI) Nominees Limited	17,887,376	7.82%
Hargreaves Lansdown (Nominees) Limited	10,583,546	4.63%
Interactive Investor Services Nominees Limited	8,364,728	3.66%
Pershing Nominees Limited	8,218,550	3.59%
Hargreaves Lansdown (Nominees) Limited	7,823,727	3.42%
W B Nominees Limited	7,515,173	3.28%
Roy Nominees Limited	7,090,000	3.10%

Those invested directly or indirectly in 3.0% or more of the issued share capital of the Company will have the same 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 22 July 2022.

Signed on behalf of the Board of Directors on 13 January 2023 by:

Claire Whittet
Chair

Ashley Paxton
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 International Financial Reporting Standards ("IFRS") 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.

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES continued

The Directors confirm that to the best of their knowledge:

(a) The Financial Statements have been prepared in accordance with IFRS 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 2022.

(b) The Annual Report includes information detailed in the Chairperson'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.

By order of the Board,

Claire Whittet	Ashley Paxton
Chair	Director
13 January 2023	

DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report has been prepared in accordance with the UK Code as issued by the UK Listing Authority. The aggregate amount of Directors' fees is £250,000 to allow for the appointment of additional director(s) to allow for an overlap in appointments thereby assisting with Board succession planning.

Remuneration Policy
The Company's policy in regard to Directors' remuneration is to ensure that the Company maintains a competitive fee structure in order 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.

During the year ended 30 September 2022 and 30 September 2021, the Directors received the following remuneration in the form of Directors' fees:

	2022	2021
Claire Whittet (Chair of the Board)	£44,000	£44,000
Christopher Legge (Resigned 31 January 2022)	£12,895	£38,500
Ian Martin (MEC Chairman)	£37,000	£33,500
Ashley Paxton*	£34,295	-
	£128,190	£116,000

*Appointed a Director on 1 November 2021. Appointed Audit and Risk Committee Chairman and Remuneration and Nomination Committee Chairman on 31 January 2022.

As discussed in the Directors' Report on page 33, some Directors' fees increased from 1 October 2021. The Remuneration and Nomination Committee agreed that the fees should remain unchanged at the meeting on 6 September 2022.

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 his/her appointment, that he/she 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 13 January 2023 by:

Claire Whittet
Chair

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 2022.

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 course of the year, the information that the Audit and Risk Committee has 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, as a whole, 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 3 March 2022. The Board receives confirmation from all Service Providers that they have not been involved in any fraud, bribery or corruption.

AUDIT AND RISK COMMITTEE REPORT continued

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:

(i) Valuation of Investments:
The Company's investments had a fair value of £148,915,038 as at 30 September 2022 with 216,213,518 shares in issue (30 September 2021: £175,652,111 with 190,738,518 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 note 2 and note 3 to the Financial Statements. The Audit and Risk Committee considered the valuation of the investments held by the Company as at 30 September 2022 to be reasonable based on information provided by the Portfolio Manager, AIFM, Administrator, Custodian and Depositary 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 2022. 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 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 the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). 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 while 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.

AUDIT AND RISK COMMITTEE REPORT continued

Financial Reporting and Significant Financial Issues continued

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. PricewaterhouseCoopers CI LLP ("PwC") were appointed as the first auditor of the Company. During the year, the Audit and Risk Committee received and reviewed audit plans and reports from the external auditor. The external auditor meets privately with the Audit and Risk Committee without the Portfolio Manager and other Service Providers being present at each Audit and Risk Committee meeting, as is standard practice.

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 2022, no non-audit services have been performed for the Company by the auditor.

In accordance with the FRC 2019 ethical guidelines, the Company qualifies as an EU Public Interest Entity and is therefore subject to the restrictions on non-audit services provided by its auditor under this regime.

The FRC Ethical Standards require that the audit engagement leaders on listed entities are rotated at least every 5 years. Roland Mills has served 4 years as the Company's audit engagement leader.

The audit for the year ended 30 September 2022 is the ninth annual audit that PwC has performed in respect of the Company. The Audit and Risk Committee will consider, during the year ending 30 September 2023, when an audit tender should be undertaken.

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 2022 and for the year ended 30 September 2021.

	Year ended 30.09.22	Year ended 30.09.21
PricewaterhouseCoopers CI LLP - Assurance work	£	£
- Annual audit of the Company	96,500	69,000
- Interim review	20,000	20,000
PricewaterhouseCoopers CI LLP - Non assurance work		
- Tax consulting and compliance services	nil	nil
- Ratio of assurance to non-assurance work	100% / nil	100% / nil

AUDIT AND RISK COMMITTEE REPORT continued

External Auditor continued
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 behalf by:

Ashley Paxton
Chairman, Audit and Risk Committee
13 January 2023

ALTERNATIVE INVESTMENT FUND MANAGER'S REPORT

Maitland Institutional Services Ltd 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.

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 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.

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 is subject to a staff remuneration policy which meets the requirements of the AIFMD. 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 the AIFM's compliance with its duty to act in the best interests of the funds it manages.

The AIFM has 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 investment manager is required to make separate public disclosure as part of their obligations under the Capital Requirements Directive.

The AIFM also acts as Authorised Corporate Director ("ACD") for non-AIFs. It is required to disclose the total remuneration it pays to its staff, 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 the AIFM itself. This includes executives, senior risk and compliance staff and certain senior managers.

ALTERNATIVE INVESTMENT FUND MANAGER'S REPORT continued

AIFM Remuneration continued

	Number of Beneficiaries £	Total Remuneration Paid £	Fixed Remuneration £	Variable Remuneration Paid £
Total remuneration paid by the ACD to its staff	16	1,363,000	1,298,000	65,000
Remuneration paid to employees of the ACD who are material risk takers	6	690,000	653,000	37,000

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

In so far as the AIFM is aware:

- there is no relevant audit information of which the Company's auditors or the Company's board of directors 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 auditors are aware of that information.

We hereby certify that this report is made on behalf of the AIFM, Maitland Institutional Services Ltd.

C O'Keeffe
P.F. Brickley
Directors
Maitland Institutional Services Ltd
13 January 2023

DEPOSITARY STATEMENT

For the year ended 30 September 2022

Report of the Depositary to the Shareholders

Northern Trust (Guernsey) Limited has been appointed as Depositary 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 Maitland Institutional Services Limited (the "AIFM") and the Company for the year ended 30 September 2022, in our capacity as Depositary to the Company.

This report including the review provided below has been prepared for and solely for the Shareholders in 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 Depositary 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 Depositary will state why this is the case and outline the steps which we have taken to rectify the situation.

The Depositary and its affiliates is 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 Depositary 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 Depositary 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 Depositary Review

The Depositary 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
13 January 2023

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 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting 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 2022;
- 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, which include significant accounting policies 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 from information provided by Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator") to whom the Board of directors (the "Board") has delegated the day-to-day administration functions. The company engages TwentyFour Asset Management LLP (the "Portfolio Manager") to manage the 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.

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

Key audit matters

- Valuation of investments

Materiality

- Overall materiality: £3.0 million (2021: £3.6 million) based on 2% of net assets.
- Performance materiality: £2.3 million (2021: £2.7 million).

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 our professional judgement, were of most significance in our 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 auditors, 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
Valuation of investments Investments are designated as financial assets at fair value through profit or loss and are disclosed separately on the statement of financial position (£148.9 million). The Company's investment policy is to invest in a diversified portfolio of credit securities which are fair valued in accordance with the accounting policies set out in note 2(f) to the financial statements, and the fair value of investments and movement therein are further disclosed in notes 9 and 17 respectively to the financial statements. Investments represent the most significant balance on the statement of financial position and are not typically traded or dealt on organised markets or exchanges. To determine the fair value of these investments, the Portfolio Manager obtains prices from independent price vendors. If these are unavailable, the Portfolio Manager will obtain prices from third party brokers or dealers for the relevant investments, which may be indicative rather than tradable.	• 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 the accounting policy for investment valuation for compliance with International Financial Reporting Standards and planned and executed our audit procedures to ensure that the valuation of investments was accounted for in accordance with the stated accounting policy. • Where investments had publicly available prices, we independently confirmed the prices used to value the respective investments. Prices were obtained from a range of independent sources, including exchange traded and consensus prices.

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

Where no third party price is available, the Portfolio Manager will determine the valuation of the investment based on either the 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. During the year, the Portfolio Manager has engaged an independent valuation expert to provide the valuation of certain investments held which amounted to £3.5 million as at 30 September 2022. Investment valuations are subject to estimates based on the various judgements and assumptions underlying each security as detailed under note 3(ii)(a) including the assumptions involved in the independent valuer's models. Owing to the level of subjectivity that could be applied in fair valuing investments, the risk of manipulation or error could be material and as a result we have designated the valuation of investments as a significant audit risk.	Where we were unable to obtain independent prices (primarily due to information access restrictions), or where the prices obtained exceeded our initial tolerable variance thresholds per investment (i.e., the initial threshold for differences between the prices reported and the repricing obtained over which we undertake further investigation), the engagement team sought and received supporting evidence for these specific prices from the Administrator and/or the Portfolio Manager. In doing so, we also assessed the independence, reputation, and reliability of any sources of the supporting evidence provided in these instances. All variances exceeding our tolerable thresholds were evaluated as being reasonable considering the supporting evidence obtained and evaluated. ● Where we noted that investments were based on prices published at dates prior to the reporting date, we performed additional audit procedures to verify that updated prices had been received subsequent to the year end, and that those prices were not materially different to the prices used at the reporting year end. ● In order to determine the ongoing reliability of the investment valuations from year to year, we also, for a sample of investment disposals, compared the disposal price to the most recently recorded valuation prior to the disposal, which allowed us to assess the reliability of the valuation obtained at that point in time. ● Where, during the year, the Portfolio Manager engaged an external third party expert to value certain investments: ➢ We obtained an understanding of the valuation methodology and for a selected sample, obtained the models directly from the independent valuation expert; ➢ We understood how the inputs into the models were derived and agreed the key valuation inputs, such as collateral loan amounts, interest rates and maturity dates to the underlying source data for the selected sample;

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

	➢ We assessed the appropriateness of the selected valuation methodology, being a discounted cash flow model; ➢ 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 structured credit specialist valuation team from the PwC UK network firm (our "auditor's expert"); and ➢ With respect to the sample of investments selected we engaged our auditor's expert to assess the valuation methodology and key assumptions (such as prepayments, defaults and the discount rate) used by the independent valuation expert in determining the fair value. They also checked the mathematical accuracy of the valuation models sampled. ● We also discussed and evaluated the Portfolio Manager's approach to assessing and, if necessary, measuring the impact of the global economic environment on the fair value of the investment portfolio. No material differences were identified in our testing which required reporting to those charged with governance or that would lead us to believe that the portfolio of investments does not materially reflect fair value.

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, and the industry in which the company operates.

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.

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

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

Overall materiality	£3.0 million (2021: £3.6 million)
How we determined it	2% of net assets.
Rationale for benchmark applied	We believe that 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.

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% of overall materiality, amounting to £2.3 million (2021: £2.7 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 £151,000 (2021: £178,000) 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.

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 International Financial Reporting 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.

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

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.

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

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.

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 Directors' Report and Strategic 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

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF TWENTYFOUR SELECT MONTHLY INCOME FUND LIMITED

- 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 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.

Roland Mills
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
13 January 2023

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2022

	Notes	Year ended 30.09.22 £	Year ended 30.09.21 £
Income			
Interest income on financial assets at fair value through profit and loss		13,375,971	12,858,742
Net foreign currency (losses)/gains	8	(5,453,122)	6,007,885
Net (losses)/gains on financial assets at fair value through profit or loss	9	(43,018,772)	8,193,933
Net gains on interest rate swaps		1,720,253	-
Total (loss)/income		(33,375,670)	27,060,560
Expenses			
Portfolio management fees	14	(1,290,172)	(1,361,199)
Directors' fees	14	(128,190)	(116,000)
Administration fees	15	(121,010)	(125,721)
AIFM management fees	15	(81,607)	(84,448)
Audit fees		(96,500)	(69,000)
Custody fees	15	(17,457)	(19,635)
Broker fees		(50,000)	(50,000)
Depositary fees	15	(28,303)	(29,718)
Legal fees		(25,415)	(50,189)
Other expenses		(235,706)	(174,433)
Total expenses		(2,074,360)	(2,080,343)
Total comprehensive (loss)/income for the year*		(35,450,030)	24,980,217
(Loss)/earnings per Ordinary Share - Basic & Diluted	4	(0.174)	0.126

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 2022

Assets	Notes	30.09.22 £	30.09.21 £
Current assets			
Financial assets at fair value through profit and loss			
- Investments	9	148,915,038	175,652,111
- Derivative assets: Forward currency contracts	16	778	47,708
Shares sold receivable		-	486,350
Amounts due from broker		855,647	832,810
Other receivables	10	3,084,550	2,572,415
Cash and cash equivalents		674,776	2,899,593
Total current assets		153,530,789	182,490,987
Liabilities			
Current liabilities			
Amounts due to broker		-	3,107,784
Other payables	11	444,657	451,622
Financial liabilities at fair value through profit and loss			
- Derivative liabilities: Forward currency contracts	16	1,751,254	928,356
Total current liabilities		2,195,911	4,487,762
Total net assets		151,334,878	178,003,225
Equity			
Share capital account	12	201,561,499	179,677,592
Retained earnings		(50,226,621)	(1,674,367)
Total equity		151,334,878	178,003,225
Ordinary Shares in issue	12	216,213,518	190,738,518
Net Asset Value per Ordinary Share (pence)	6	69.99	93.32

The Financial Statements on pages 55 to 91 were approved by the Board of Directors on 13 January 2023 and signed on its behalf by:

Claire Whittet
Chair

Ashley Paxton
Director

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2022

	Note	Share capital account £	Retained earnings £	Total £
Balance at 1 October 2021		179,677,592	(1,674,367)	178,003,225
Issue of shares		22,233,683	-	22,233,683
Share issue costs		(261,324)	-	(261,324)
Income equalisation on new issues	5	(88,452)	88,452	-
Dividends paid		-	(13,190,676)	(13,190,676)
Total comprehensive loss for the year		-	(35,450,030)	(35,450,030)
Balance at 30 September 2022		201,561,499	(50,226,621)	151,334,878

	Note	Share capital account £	Retained earnings £	Total £
Balance at 1 October 2020		207,218,537	(14,358,082)	192,860,455
Issue of shares		4,760,903	-	4,760,903
Share issue costs		(54,842)	-	(54,842)
Repurchased tendered shares cancelled		(32,472,475)	-	(32,472,475)
Income equalisation on redemptions	5	225,469	(225,469)	-
Dividends paid		-	(12,071,033)	(12,071,033)
Total comprehensive income for the year		-	24,980,217	24,980,217
Balance at 30 September 2021		179,677,592	(1,674,367)	178,003,225

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

STATEMENT OF CASH FLOWS
For the year ended 30 September 2022

	Notes	Year ended 30.09.22 £	Year ended 30.09.21 £
Cash flows from operating activities			
Total comprehensive (loss)/income for the year		(35,450,030)	24,980,217
Adjustments for:			
Net losses/(gains) on financial assets at fair value through profit or loss	9	43,018,772	(8,193,933)
Net gains on interest rate swaps		(1,720,253)	-
Amortisation adjustment under effective interest rate method	9	(1,607,825)	(2,105,374)
Unrealised losses/(gains) on forward currency contract:	8	869,828	(1,716,924)
Exchange gain on cash and cash equivalents		(5,253)	(57,874)
(Increase)/decrease in other receivables	10	(512,134)	40,537
(Decrease)/Increase in other payables	11	(6,965)	30,401
Purchase of investments		(74,507,758)	(54,841,175)
Sale of investments		56,703,262	73,339,770
Net gains on interest rate swaps		1,720,253	-
Net cash (used in)/generated from operating activities		(11,498,103)	31,475,645
Cash flows from financing activities			
Proceeds from issue of ordinary shares	12	22,720,033	4,274,553
Payment for repurchased tendered shares cancelled	12	-	(32,472,475)
Share issue costs	12	(261,324)	(54,842)
Dividends paid	19	(13,190,676)	(12,071,033)
Net cash generated from/(used in) financing activities		9,268,033	(40,323,797)
Decrease in cash and cash equivalents		(2,230,070)	(8,848,152)
Cash and cash equivalents at beginning of year		2,899,593	11,689,871
Exchange gain on cash and cash equivalents		5,253	57,874
Cash and cash equivalents at end of year		674,776	2,899,593

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2022

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 3.

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

2. Principal accounting policies

a) Basis of preparation and statement of compliance

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

b) Addition to accounting policies

The following accounting policy has been applied in the current financial year. All other accounting policies have been consistently applied from year to year.

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.

c) 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 the going concern is on page 26.

d) Standards, amendments and interpretations effective during the year

The following standards, interpretations and amendments were adopted for the year ended 30 September 2022:

Interest Rate Benchmark Reform (IBOR) Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the Phase 2 Amendments) (Effective 1 January 2021)

IBOR reform phase 2 finalises the response to the ongoing reform of inter-bank offered rates (IBOR) and other interest rate benchmarks. Refer to note 16(iii) on pages 75 to 77.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

2. Principal accounting policies continued

e) 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 in these Financial Statements, were in issue but not yet effective:

IFRS 17 Insurance Contracts (Effective 1 January 2023)
The Company expects that the adoption of IFRS 17 in the future period will not have an impact on the Company's Financial Statements, as it does not hold or issue any insurance contracts.

Definition of Accounting Estimates (Amendments to IAS 8) (Effective 1 January 2023)
The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (Effective 1 January 2023)
An entity is now required to disclose its material accounting policy information instead of its significant accounting policies. Explanation has been added regarding how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. Accounting policy information may be material because of its nature, even if the related amounts are immaterial. Accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements. If an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board anticipates that the adoption of these standards, which will be adopted in the period which they become effective, will not have a material impact on the financial statements.

f) Financial assets at fair value through profit or loss

Classification
The Company classifies its investments in debt securities and derivatives as financial assets 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 business model per IFRS 9.

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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

2. Principal accounting policies continued

f) Financial assets at fair value through profit or loss continued

Recognition, derecognition and measurement

Regular purchases and sales of investments (securities and derivatives) are recognised on the trade date, 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.

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 PM 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.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2022

2. Principal accounting policies continued
f) Financial assets at fair value through profit or loss continued

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.

Any expected credit losses impacting the amortised cost disclosed for the financial assets at fair value through profit and loss are recognised in the Statement of Comprehensive Income within the net gain/loss on financial assets at fair value through profit or loss as part of realised or unrealised gains and losses as appropriate.

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 trade receivables. The ECL calculation is based on the Company's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. Given the historical level of defaults on trade receivables, there is a negligible impact because of the lifetime expected credit loss to be recognised versus the previous impairment model applied by the Company.

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

g) 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.

h) 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 osition date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

2. Principal accounting policies continued

i) 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 points paid or received between parties to the contract that are an integral part of the effective interest rate and all other premiums or discounts.

j) 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 bank overdrafts. Bank overdrafts are included in current liabilities in the Statement of Financial Position.

k) 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.

l) Other reserves

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

m) 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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

2. Principal accounting policies continued

n) 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.

o) 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 Directors are of the opinion that the Company is engaged in a single segment of business, being investments in credit securities. The Directors manage the business in this way. For additional information refer to note 18.

p) 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.

q) 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 provision for impairment.

r) 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.

s) 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.

t) 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.

u) 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 (loss)/earnings per Ordinary Share or Net Asset Value per Ordinary Share as detailed in notes 4 and 6.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

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(m), 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 Directors believe 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 2022

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 2.7% of the Company's Level 3 investments at 30 September 2022. 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(i).

(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 points 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. (Loss)/earnings per Ordinary Share – Basic & Diluted

The loss per Ordinary Share Basic and Diluted of 17.4p (30 September 2021: earnings of 12.6p) has been calculated based on the weighted average number of Ordinary Shares of 203,323,245 (30 September 2021: 197,498,485) and a net loss for the year of £35,446,451 (30 September 2021: net gain of £24,980,217).

5. Income/(loss) 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/losses 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 £88,452 (30 September 2021: (£225,469)).

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2022

6. Net asset value per Ordinary Share
The net asset value of each Share of 69.99p (30 September 2021: 93.32p) is determined by dividing the net assets of the Company attributed to the Shares of £151,334,878 (30 September 2021: £178,003,225) by the number of Shares in issue at 30 September 2022 of 216,213,518 (30 September 2021: 190,738,518).

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 £1,200 (30 September 2021: £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 (losses)/gains

	Year ended 30.09.22 £	Year ended 30.09.21 £
Movement in net unrealised (losses)/gains on forward currency contracts	(869,828)	1,716,924
Realised (losses)/gains on forward currency contracts	(6,463,419)	1,207,978
Realised currency gains on receivables/payables	1,833,144	3,033,588
Unrealised currency gains on receivables/payables	46,981	49,395
	(5,453,122)	6,007,885

9. Investments

	As at 30.09.22 £	As at 30.09.21 £
Financial assets at fair value through profit and loss:		
Unlisted Investments:		
Opening amortised cost	166,830,696	183,628,540
Purchases at cost	72,079,175	57,121,711
Proceeds on sale/principal repayment	(57,405,301)	(76,971,774)
Amortisation adjustment under effective interest rate method	1,607,825	2,105,374
Realised gains on sale/principal repayment	8,112,896	7,016,007
Realised losses on sale/principal repayment	(9,598,309)	(6,069,162)
Closing amortised cost	181,626,982	166,830,696
Unrealised gains on investments	695,135	12,676,132
Unrealised losses on investments	(33,407,079)	(3,854,717)
Fair value	148,915,038	175,652,111

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

9. Investments continued

	Year ended 30.09.22	Year ended 30.09.21
	£	£
Realised gains on sale/principal repayment	8,112,896	7,016,007
Realised losses on sale/principal repayment	(9,598,309)	(6,069,162)
(Decrease)/increase in unrealised gains	(11,980,997)	3,164,214
(Increase)/decrease in unrealised losses	(29,552,362)	4,082,874
Net (losses)/gains on financial assets at fair value through profit or loss	(43,018,772)	8,193,933

10. Other receivables

	As at 30.09.22	As at 30.09.21
	£	£
Interest income receivable	2,972,574	2,434,953
Prepaid expenses	11,628	36,547
Dividends receivable	100,348	100,915
	3,084,550	2,572,415

11. Other payables

	As at 30.09.22	As at 30.09.21
	£	£
Portfolio management fees payable	231,970	246,822
Administration fees payable	59,267	30,897
AIFM management fees payable	11,860	34,280
Audit fees payable	74,195	69,000
Other expenses payable	59,838	54,825
Depositary fees payable	-	2,280
Custody fees payable	1,112	3,541
Share issue costs payable	6,415	9,977
	444,657	451,622

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2022

12. Share capital

Authorised Share Capital
The Directors may issue an unlimited number of Ordinary Shares at no par value and an unlimited number of Ordinary Shares with a par value.

Issued Share Capital

	As at 30.09.22 £	As at 30.09.21 £
Ordinary Shares		
Share Capital at the beginning of the year	179,677,592	207,218,537
Issue of shares	22,233,683	4,760,903
Repurchased tendered shares cancelled	-	(32,472,475)
Share issue costs	(261,324)	(54,842)
Income equalisation on new issues	(88,452)	225,469
Total Share Capital at the end of the year	201,561,499	179,677,592

Reconciliation of number of Shares

	30.09.22 Shares	30.09.21 Shares
Ordinary Shares		
Shares at the beginning of the year	190,738,518	222,214,981
Issue of shares	25,475,000	4,900,000
Repurchased tendered shares cancelled	-	(36,376,463)
Total Shares in issue at the end of the year	216,213,518	190,738,518

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 has, 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 Law.

The Company held no shares in Treasury as at 30 September 2022 (30 September 2021: Nil).

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

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 2022			
Financial Assets			
Financial assets at fair value through profit and loss			
-Investments			
- Corporate Bonds	95,890,726	-	95,890,726
- Asset backed securities	53,024,312	-	53,024,312
-Derivative assets: Forward currency contracts	778	-	778
Amounts due from broker	-	855,647	855,647
Other receivables (excluding prepaid expenses)	-	3,072,922	3,072,922
Cash and cash equivalents	-	674,776	674,776
	148,915,816	4,603,345	153,519,161

	Financial liabilities at fair value through profit and loss	Amortised cost	Total
	£	£	£
30 September 2022			
Financial Liabilities			
Other payables	-	444,657	444,657
Financial liabilities at fair value through profit and loss			
-Derivative liabilities: Forward currency contracts	1,751,254	-	1,751,254
	1,751,254	444,657	2,195,911

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

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

	Financial assets at fair value through profit and loss	Amortised cost	Total
	£	£	£
30 September 2021			
Financial Assets			
Financial assets at fair value through profit and loss			
-Investments			
- Corporate Bonds	112,451,508	-	112,451,508
- Asset backed securities	63,200,603	-	63,200,603
-Derivative assets: Forward currency contracts	47,708	-	47,708
Shares sold receivable	-	486,350	486,350
Amounts due from broker	-	832,810	832,810
Other receivables (excluding prepaid expenses)	-	2,535,868	2,535,868
Cash and cash equivalents	-	2,899,593	2,899,593
	175,699,819	6,754,621	182,454,440

	Financial liabilities at fair value through profit and loss	Amortised cost	Total
	£	£	£
30 September 2021			
Financial Liabilities			
Amounts due to broker	-	3,107,784	3,107,784
Other payables	-	451,622	451,622
Financial liabilities at fair value through profit and loss			
-Derivative liabilities: Forward currency contracts	928,356	-	928,356
	928,356	3,559,406	4,487,762

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

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:

	30.09.22	30.09.21
	£	£
Claire Whittet (Chair of the Board)	44,000	44,000
Christopher Legge*	12,895	38,500
Ian Martin (Management Engagement Committee Chairman)	37,000	33,500
Ashley Paxton**	34,295	-
Total Directors' fees	128,190	116,000

* On 31 January 2022, Christopher Legge resigned as Chairman of the Audit and Risk Committee and of the Remuneration and Nomination Committee, and Ashley Paxton was appointed in his place.
** Ashley Paxton was appointed a Director on 1 November 2021.

With the effect from 1 October 2021, the base director fee level was increased to £35,000 per annum and the MEC Chairman be increased to £37,000 per annum. The Chair of the Board and Audit Committee Chairman remuneration remained unchanged.

No Directors' fees were outstanding as at 30 September 2022 (30 September 2021: £Nil).

b) Shares held by related parties

The Directors of the Company held the following shares beneficially:

	30.09.22	30.09.21
	Shares	Shares
Claire Whittet	25,000	25,000
Christopher Legge*	50,000	50,000
Ian Martin	35,000	35,000
Ashley Paxton**	22,500	-
Sharon Parr***	-	-

* Christopher Legge resigned on 31 January 2022.
** Ashley Paxton was appointed a Director on 1 November 2021.
*** Sharon Parr was appointed on 1 November 2022.

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 2022, the Portfolio Manager held no Shares (30 September 2021: no Shares) of the Issued Share Capital. Partners and employees of the Portfolio Manager increased their holdings during the year, and held 5,064,515 (30 September 2021: 1,725,691), which is 2.34% (30 September 2021: 0.90%) of the Issued Share Capital.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2022

14. Related parties continued

b) Shares held by related parties continued
The amounts above are shown for transparency purposes despite them not been considered transactions with related parties. 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.

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 £1,290,172 (30 September 2021: £1,361,199) of which £231,970 (30 September 2021: £246,822) 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 received £38,986 (30 September 2021: £12,345) in commission, which is charged as a cost of issuance.

15. Material agreements

a) Alternative Investment Fund Manager ("AIFM")
The Company's AIFM is Maitland Institutional Services 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 £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. During the year, AIFM fees of £81,607 (30 September 2021: £84,448) were charged to the Company, of which £11,860 (30 September 2021: £34,280) 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 £121,010 (30 September 2021: £125,721) were charged to the Company, of which £59,267 (30 September 2021: £30,897) remained payable at the end of the year.

c) Broker
For its services as the Company's broker, Numis Securities Limited (the "Broker") 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 received £222,337 (30 September 2021: £52,473) in commission, which is charged as a cost of issuance.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

15. Material agreements continued

d) Depositary

Depositary's 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 £28,303 (30 September 2021: £29,718) were charged to the Company, of which £Nil (30 September 2021: £2,280) 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 £17,457 (30 September 2021: £19,635) of which £1,112 (30 September 2021: £3,541) 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).

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2022

16. Financial risk management continued

Market risk continued

(i) Price risk continued
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 2021: 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 2022, if the market prices had been 15%, 10% and 5% (30 September 2021: 15%, 10% and 5%) higher with all other variables held constant, the increase in the net assets attributable to equity Shareholders would have been £22,337,256, £14,891,504 and £7,445,752 respectively (30 September 2021: £26,347,817, £17,565,211 and £8,782,606). 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 possibility that changes in interest rates will affect the fair value of financial assets at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2022

16. Financial risk management continued
Market risk continued

(iii) Interest rate risk continued

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

	Floating rate	Fixed rate	Non-interest bearing	Total
As at 30 September 2022	£	£	£	£
Investments	49,024,931	99,890,107	-	148,915,038
Derivative assets: Forward currency contracts	-	-	778	778
Amounts due from broker	-	-	855,647	855,647
Other receivables excluding prepaid expense	-	-	3,072,922	3,072,922
Cash and cash equivalents	674,776	-	-	674,776
Derivative liabilities: Forward currency contracts	-	-	(1,751,254)	(1,751,254)
Other payables	-	-	(444,657)	(444,657)
Net current assets	49,699,707	99,890,107	1,733,436	151,323,250
As at 30 September 2021	£	£	£	£
Investments	53,025,955	122,626,156	-	175,652,111
Derivative assets: Forward currency contracts	-	-	47,708	47,708
Shares sold receivable	-	-	486,350	486,350
Amounts due from broker	-	-	832,810	832,810
Other receivables excluding prepaid expense	-	-	2,535,868	2,535,868
Cash and cash equivalents	2,899,593	-	-	2,899,593
Derivative liabilities: Forward currency contracts	-	-	(928,356)	(928,356)
Amounts due to broker	-	-	(3,107,784)	(3,107,784)
Other payables	-	-	(451,622)	(451,622)
Net current assets	55,925,548	122,626,156	(585,026)	177,966,678

The Company holds fixed rate and floating rate financial instruments which, based on current portfolio duration, have relatively limited exposure to fair value interest rate risk as, when the short-term interest rates increase, the interest rate on a floating rate note will increase. The maximum time to re-fix interest rates is six months and therefore the Company has low interest rate risk and, as such it is not deemed necessary to perform sensitivity analysis over interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2022

16. Financial risk management continued

Market risk continued

(iii) Interest rate risk continued
As at 30 September 2022, 70% of the Company's net current asset position was invested in fixed rate securities, however the overall credit spread duration of the Company was 3.98 years. A credit spread duration of 3.6 indicates that the portfolio's value will rise or fall by 3.6bp should the reference credit spread rise or fall by 1bp. The value of credit securities may 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 2022, the Company had thirteen (30 September 2021: six) open forward currency contracts.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2022

16. Financial risk management continued
Market risk continued

(iv) Foreign currency risk continued

Open forward currency contracts

	Contract values **30.09.22** Currency	Outstanding contracts **30.09.22** £	Mark to market equivalent **30.09.22** £	Unrealised losses **30.09.22** £
Thirteen Sterling forward foreign currency contracts totalling:				
9 EUR forward foreign currency contracts	(97,946,859)	(84,762,465)	(85,956,857)	(1,194,392)
4 USD forward foreign currency contracts	(23,707,876)	(20,681,822)	(21,237,906)	(556,084)
				(1,750,476)

	Contract values **30.09.21** Currency	Outstanding contracts **30.09.21** £	Mark to market equivalent **30.09.21** £	Unrealised losses **30.09.21** £
Six Sterling forward foreign currency contracts totalling:				
3 EUR forward foreign currency contracts	(96,397,751)	(82,662,283)	(82,856,952)	(194,669)
3 USD forward foreign currency contracts	(34,664,973)	(25,023,198)	(25,709,177)	(685,979)
				(880,648)

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

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

16. Financial risk management continued
Market risk continued

(iv) Foreign currency risk continued

At year end, the Company had nil (30 September 2021: nil) open spot currency contracts.

As at 30 September 2022 and 2021, the Company held the following assets and liabilities denominated in currencies other than Pound sterling:

	30.09.22	30.09.21
	£	£
EUR		
Investments	81,335,151	81,199,011
Cash and cash equivalents	316,296	456,740
Amounts due from broker and other receivables	2,453,721	1,193,855
Less: Open forward currency contracts	(85,956,857)	(82,856,952)
USD		
Investments	20,362,503	24,845,474
Cash and cash equivalents	281,720	633,095
Amounts due from broker and other receivables	512,895	418,292
Less: Amounts due to broker	-	(307,784)
Less: Open forward currency contracts	(21,237,906)	(25,709,177)
CHF		
Cash and cash equivalents	17,166	15,257
	(1,915,311)	(112,189)

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 2022 and 2021. The analysis is based on the assumption 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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

16. Financial risk management continued
Market risk continued

(iv) Foreign currency risk continued

	30.09.22	**30.09.21**
	£	**£**
Impact on Statement of Comprehensive Income and Equity in response to a:		
- 10% (30.09.21: 10%) increase in EUR/GBP	168,311	680
- 10% (30.09.21: 10%) decrease in EUR/GBP	(185,134)	(719)
Impact on Statement of Changes in Equity in response to a:		
- 10% (30.09.21: 10%) increase in EUR/GBP	168,311	680
- 10% (30.09.21: 10%) decrease in EUR/GBP	(185,134)	(719)

	30.09.22	**30.09.21**
	£	**£**
Impact on Statement of Comprehensive Income and Equity in response to a:		
- 10% (30.09.21: 10%) increase in USD/GBP	7,342	10,916
- 10% (30.09.21: 10%) decrease in USD/GBP	(8,082)	(12,011)
Impact on Statement of Changes in Equity in response to a:		
- 10% (30.09.21: 10%) increase in USD/GBP	7,342	10,916
- 10% (30.09.21: 10%) decrease in USD/GBP	(8,082)	(12,011)

	30.09.22	**30.09.21**
	£	**£**
Impact on Statement of Comprehensive Income and Equity in response to a:		
- 10% (30.09.21: 10%) increase in CHF/GBP	(1,561)	(1,387)
- 10% (30.09.21: 10%) decrease in CHF/GBP	1,717	1,525
Impact on Statement of Changes in Equity in response to a:		
- 10% (30.09.21: 10%) increase in CHF/GBP	(1,561)	(1,387)
- 10% (30.09.21: 10%) decrease in CHF/GBP	1,717	1,525

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2022

16. Financial Risk Management continued

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 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"):

	30.09.22	**30.09.21**
A+	0.45%	1.62%
BBB+	0.00%	0.00%
BBB	3.45%	3.24%
BBB-	10.53%	13.08%
BB+	10.56%	6.11%
BB	10.63%	13.63%
BB-	7.41%	3.82%
B+	12.82%	8.05%
B	10.49%	16.20%
B-	13.42%	12.70%
CCC+	3.58%	2.74%
CCC	0.00%	0.00%
CCC-	0.00%	0.00%
CC	0.07%	0.00%
C	0.06%	0.17%
Not Rated*	16.53%	18.64%
	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, won't 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, bonds currently held.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2022

16. Financial risk management continued
Credit 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 forwards by investing with counterparties with a "single A" or higher credit rating. The majority of cash is currently placed with The Northern Trust Company. The Company is subject to credit risk to the extent that this institution may be unable to return this cash. The Northern Trust Company 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:

	30.09.22	30.09.21
	£	£
Investments	148,915,038	175,652,111
Shares sold receivable	-	486,350
Amounts due from broker	855,647	832,810
Cash and cash equivalents	674,776	2,899,593
Derivative assets: Forward currency contracts	778	47,708
Other receivables excluding prepaid expenses	3,072,922	2,535,868
	153,519,161	182,454,440

Investments in credit securities that are not backed by mortgages present certain risks that are not presented by mortgage-backed securities ("MBS"). 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 credit securities is ultimately dependent upon payment of the underlying debt by the debtor.

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.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2022

16. Financial risk management continued
Liquidity risk continued
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 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 2022	**£**	**£**	**£**	**£**
Derivative liabilities: Forward currency contracts	-	(1,751,254)	-	(1,751,254)
Other payables	(370,462)	(74,195)	-	(444,657)
Total	(370,462)	(1,825,449)	-	(2,195,911)

	Up to 1 month	1-6 months	6-12 months	Total
As at 30 September 2021	**£**	**£**	**£**	**£**
Amounts due to broker	(3,107,784)	-	-	(3,107,784)
Derivative liabilities: Forward currency contracts	-	(928,356)	-	(928,356)
Other payables	(382,622)	(69,000)	-	(451,622)
Total	(3,490,406)	(997,356)	-	(4,487,762)

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. The capital structure of the Company consists of Shareholders' equity, which comprises share capital and other reserves. 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.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

16. Financial risk management continued

Capital risk management continued

(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 corporate 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 the Tender Restrictions, the Company intends to repurchase for cancellation any Tendered Shares not placed in the secondary market.

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 are in excess of 20%, tenders will be scaled back on a pro-rata basis.

(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 moneys).

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.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2022

16. Financial risk management continued
Capital risk management continued

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 2022.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Financial assets at fair value				
through profit or loss				
-Investments				
- Corporate bonds	-	95,890,726	-	95,890,726
- Asset-backed securities	-	45,313,705	7,710,607	53,024,312
-Derivative assets: Forward currency				
contracts	-	778	-	778
Total assets as at 30 September 2022	-	141,205,209	7,710,607	148,915,816
Liabilities				
Financial liabilities at fair value				
through profit or loss				
-Derivative liabilities: Forward currency				
contracts	-	1,751,254	-	1,751,254
Total liabilities as at 30 September 2022	-	1,751,254	-	1,751,254

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

17. Fair value measurement continued

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 2021.

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Financial assets at fair value				
through profit or loss				
-Investments				
- Corporate bonds	-	112,451,508	-	112,451,508
- Asset backed securities	-	50,428,986	12,771,617	63,200,603
-Derivative assets: Forward currency				
contracts	-	47,708	-	47,708
Total assets as at 30 September 2021	-	162,928,202	12,771,617	175,699,819
Liabilities				
Financial liabilities at fair value				
through profit or loss				
-Derivative liabilities: Forward currency				
contracts	-	928,356	-	928,356
Total liabilities as at 30 September 2021	-	928,356	-	928,356

Credit securities which have a value based on quoted market prices in active markets are classified in 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 in 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 in 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.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2022

17. Fair value measurement continued

During the year the Portfolio Manager took advantage of engaging a third party valuer to value certain investments (primarily RMBS 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 2022, investments representing 2.7% of the portfolio were valued by the third party valuer.

Although the models used do utilise unobservable inputs, it is the Board's and Portfolio Manager's views that any reasonable movement in the key unobservable inputs would not yield a significant change in fair value to the portfolio and as a result, a sensitivity analysis relating to the unobservable inputs related to these models has not been presented.

There were no transfers between levels during the year.

The following table presents the movement in Level 3 instruments for the year ended 30 September 2022 by class of financial instrument.

	Bonds	Asset-backed securities	Total
30 September 2022	**£**	**£**	**£**
Opening balance	-	12,771,617	12,771,617
Net purchases	-	(4,676,067)	(4,676,067)
Net realised gains for the year	-	262,161	262,161
Net unrealised losses for the year	-	(647,104)	(647,104)
Closing balance	-	7,710,607	7,710,607

The following table presents the movement in Level 3 instruments for the year ended 30 September 2021 by class of financial instrument.

	Bonds	Asset backed securities	Total
30 September 2021	**£**	**£**	**£**
Opening balance	-	12,206,367	12,206,367
Net purchases	-	218,865	218,865
Net realised gains for the year	-	2,164,731	2,164,731
Net unrealised losses for the year	-	(1,818,346)	(1,818,346)
Closing balance	-	12,771,617	12,771,617

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

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 2022, but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
30 September 2022	**£**	**£**	**£**	**£**
Assets				
Amounts due from broker	-	855,647	-	855,647
Other receivables excluding prepaid expenses	-	3,072,922	-	3,072,922
Cash and cash equivalents	674,776	-	-	674,776
Total	**674,776**	**3,928,569**	**-**	**4,603,345**
Liabilities				
Amounts due to broker	-	-	-	-
Other payables	-	444,657	-	444,657
Total	**-**	**444,657**	**-**	**444,657**

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 30 September 2021, but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
30 September 2021	**£**	**£**	**£**	**£**
Assets				
Amounts due from broker	-	832,810	-	832,810
Other receivables excluding prepaid expenses	-	2,535,868	-	2,535,868
Cash and cash equivalents	2,899,593	-	-	2,899,593
Total	**2,899,593**	**3,368,678**	**-**	**6,268,271**
Liabilities				
Amounts due to broker	-	3,107,784	-	3,107,784
Other payables	-	451,622	-	451,622
Total	**-**	**3,559,406**	**-**	**3,559,406**

The assets and liabilities included in the above tables are carried at amortised cost; 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 and other receivables represent the contractual amounts and rights due to the Company for settlement of trades and income.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2022

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.

The Company invests in a diversified portfolio of credit securities. The fair value of the major financial instruments held by the Company and the equivalent percentages of the total value of the Company are reported in the Top Twenty Holdings.

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 6.0p 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 LIBOR/interest rates benchmarks differentials between each foreign exchange currency pair which is reflected in each pair's forward foreign exchange rate. This definition differs from the IFRS "net income" definition which also recognises gains and losses on financial assets.

The Board expects that dividends will constitute the principal element of the return to the holders of Ordinary Shares.

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2022

19. Dividend policy continued

The Company declared the following dividends in respect of the profit for the year ended 30 September 2022:

Period to	Dividend per Share (pence)	Dividend declared (£)	Ex-dividend date	Record date	Pay date
29 October 2021	0.50	966,193	18 November 2021	19 November 2021	30 November 2021
30 November 2021	0.50	966,193	16 December 2021	17 December 2021	5 January 2022
31 December 2021	0.50	978,693	20 January 2021	21 January 2022	4 February 2022
31 January 2022	0.50	998,693	17 February 2022	18 February 2022	4 March 2022
28 February 2022	0.50	1,014,818	17 March 2022	18 March 2022	1 April 2022
31 March 2022	0.50	1,029,318	14 April 2022	19 April 2022	6 May 2022
29 April 2022	0.50	1,037,818	19 May 2022	20 May 2022	6 June 2022
31 May 2022	0.50	1,043,318	16 June 2022	17 June 2022	1 July 2022
30 June 2022	0.50	1,049,818	14 July 2022	15 July 2022	29 July 2022
29 July 2022	0.50	1,070,568	18 August 2022	19 August 2022	2 September 2022
31 August 2022	0.50	1,078,568	15 September 2022	16 September 2022	30 September 2022
30 September 2022	0.89	1,928,308	20 October 2022	21 October 2022	4 November 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 Directors 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 13 January 2023. 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:

Dividend declarations

Declaration date	Dividend rate per Share (pence)
13 October 2022	0.89
10 November 2022	0.50
8 December 2022	0.50
12 January 2023	0.50

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 30 September 2022

21. Subsequent events continued

Tenders
On 6 October 2022, 85,051 shares were tendered, all of which were placed rather than repurchased by the Company.

On 5 January 2023, 129,108 shares were tendered, all of which were placed rather than repurchased by the Company.

Share issues
The following new ordinary shares were issued after 30 September 2022. Consideration is before costs and expenses.

Date of issue	Number of shares	Consideration £
3 October 2022	500,000	362,600
24 October 2022	500,000	354,500
4 November 2022	500,000	362,650
11 November 2022	3,300,000	2,387,220
21 November 2022	600,000	438,540
28 November 2022	2,000,000	1,482,000
2 December 2022	500,000	373,200
5 December 2022	500,000	373,200
12 December 2022	700,000	526,120
16 December 2022	2,000,000	1,500,800
23 December 2022	500,000	373,520
4 January 2023	500,000	373,800
	12,100,000	8,908,150

Block listing
On 5 December 2022 an application was made to issue a block listing facility of 27,020,000 shares. The Block Listing became effective on 6 December 2022.

Other
Sharon Parr was appointed a Director on 1 November 2022.

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.

Discount/Premium
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.

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 International Financial Reporting Standards (“IFRS”) and consists of total assets, less total liabilities.

NAV per Share
NAV per share is calculated by dividing the total net asset value of £151,334,878 (2021: £178,003,225) by the number of shares at the end of the year of 216,213,518 shares (2021: 190,738,518). This produces a NAV per share of 69.99p (2021: 93.32p), which was a decrease of 25.74% (2021: increase of 7.52%).

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 pages 22 and 23). The Board continues to be conscious of expenses and works hard to maintain a sensible balance between good quality service and cost.

NAV Total (Loss)/Return per Share
NAV total (loss)/return 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.

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