



T.BAILEY

T. Bailey Dynamic Fund

Annual Report & Audited Financial Statements

For the year ended 31 March 2017

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Note: The Authorised Fund Manager’s Report consists of ‘Authorised Status’ and ‘Investment Objective and Policy’ on page 2, ‘Investment Review’ as provided by the Investment Manager, on pages 9 to 11 and ‘Directory’ on page 36.

THE AUTHORISED FUND MANAGER

The Authorised Fund Manager (the 'Manager') of the T. Bailey Dynamic Fund (the 'Fund' or 'TBDYF') is T. Bailey Fund Services Limited ('TBFS'). T. Bailey Asset Management Limited ('TBAM') is the Investment Manager of the Fund (the 'Investment Manager'). TBFS is also the Authorised Fund Manager of the T. Bailey Growth Fund.

TBFS and TBAM are subsidiaries of Forman Hardy Holdings Limited, a long established Nottingham-based private company whose business history goes back some 150 years. TBFS and TBAM are authorised and regulated by the Financial Conduct Authority. Further information about the Investment Manager and the funds which it manages can be found at www.tbaileyam.co.uk.

YOUR INVESTMENTS

You can buy or sell units in the Fund through your Financial Advisor. Alternatively, you can telephone the dealing line; 0115 988 8213, during normal office hours. Application forms can be requested in writing from the Manager or by calling the Client Services Team on the dealing line. They can also be downloaded from the website: www.tbaileyfs.co.uk/funds/t-bailey-funds.

The Fund is eligible for ISA investments/transfers and are available as part of a regular savers scheme.

Prices for the Fund are published each normal business day on the website.

RISK PROFILE

The value of investments may go down as well as up in response to general market conditions and the performance of the assets held. Investors may not get back the money which they invested.

There is no guarantee that the Fund will meet its stated objectives.

The Fund invests in global shares and other asset classes (largely via collective investment schemes), with some of these being regarded as more risky. The movements of exchange rates may lead to further changes in the value of investments and the income from them.

Whilst the intention of using derivatives is to reduce risk, this outcome is not guaranteed and derivatives involve additional risks which could lead to losses.

There is a risk that any company providing services such as safe keeping of assets or acting as counterparty to derivatives may become insolvent, which may cause losses to the Fund.

SYNTHETIC RISK AND REWARD INDICATOR

The Synthetic Risk and Reward Indicator demonstrates in a standard format where the Fund ranks in terms of its potential risk and reward. It is based on historical performance data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The indicator uses a scale of 1 to 7. The higher the rank the greater the potential reward but the greater the risk of losing money. The lowest category does not mean a fund is a risk free investment. As at the period end the Fund was in risk category 4 because it invests in a variety of asset classes but with a bias towards shares.

OTHER INFORMATION

Full details of the Fund are set out in the Prospectus. This document provides investors with extensive information about the Fund including risks and expenses. A copy of the Prospectus is available on request from the Manager, or can be found at www.tbaileyfs.co.uk/funds/t-bailey-funds.

The Key Investor Information documents and Supplementary Information document are also available at the website: www.tbaileyfs.co.uk/funds/t-bailey-funds.

AUTHORISED STATUS

The Fund is governed by a Deed made between the Manager and the Trustee dated 21 April 2006 (the "Deed") as amended by supplemental trust deeds made between the same parties dated 10 January 2011, 21 October 2011, 23 August 2012, 7 September 2015 and 17 March 2016. The Fund is an authorised unit trust scheme and is a UCITS scheme as defined in the Glossary of the Sourcebook, and the effective date of the authorisation order made by the FSA (the predecessor to the FCA) was 24 April 2006. Holders of units in TBDyF are not liable for the debts of the Scheme. The base currency of the Fund is pounds Sterling.

INVESTMENT OBJECTIVE AND POLICY

The benchmark of the Fund is UK Inflation plus 3% per annum.

The Fund aims to outperform UK Inflation plus 3% per annum on a total return basis over the medium-to-long term.

Asset Allocation

The Fund invests predominantly in other regulated collective investment schemes. In other words it is a fund of funds. The Fund may have both UK and non-UK investments and, in addition to units in collectives investment schemes, may also invest in transferable securities (shares, including investment trusts, debentures, government and public securities, warrants or certificates representing certain securities), money market instruments, cash and near cash and deposits as permitted by the Sourcebook in order to achieve its objective.

Fund Selection

The Fund will use a range of different active and passive managers in order to provide a diversity of style and to protect against possible periods of poor performance by any one Investment Manager or product.

Derivatives

The Investment Manager may use the powers given by the Sourcebook to enter into derivative transactions for efficient portfolio management purposes.

ONGOING CHARGES FIGURE

The Ongoing Charges Figure ('OCF') provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the Annual Management Charge, but also includes the costs for other services paid in respect of Depositary, custody, FCA, audit fees and transaction charges. As the Fund invests in other funds, the weighted average costs of the underlying funds are also taken into account. The OCFs, as calculated in accordance with ESMA guidelines, are disclosed as 'Operating charges (p.a.)' in the Summary of Fund Performance tables on pages 15 to 18.

Please note that the maximum level of management fees which may be charged to any collective investment scheme in which the Fund invests is 5%, although historically the Manager has secured terms considerably more favourable than this.

REMUNERATION POLICY OF THE AUTHORISED FUND MANAGER

Remuneration policy of the Manager

TBFS and the holding company of TBFS, T. Bailey Holdings Limited ('TBH'), have the following policies and practices for those staff whose professional activities have a material impact on the risk profile of the activities of the Manager. Based on FCA guidance the Manager is considered as Proportionality Level 3 under the Remuneration Code as total assets under administration are less than £15bn. TBFS is a UCITS firm and is therefore subject to the UCITS V Directive Remuneration Code.

The Remuneration Policy of the Manager:

- (i) Is consistent with and promotes sound and effective risk management;
- (ii) Does not encourage risk taking that exceeds the level of tolerated risk of the relevant UCITS managed by TBFS;
- (iii) Encourages behaviour that delivers results which are aligned to the interests of the UCITS managed by TBFS;
- (iv) Aligns the interests of Code Staff with the long-term interests of TBFS, the funds it manages and its investors;
- (v) Recognises that remuneration should be competitive and reflect both financial and personal performance. Accordingly, Remuneration for Code Staff is made up of fixed pay (salary and benefits, including pension) and variable (performance-related) pay;
- (vi) Recognises that fixed and variable components should be appropriately balanced and that the variable component should be flexible enough so that in some circumstances no variable component may be paid at all. Variable pay is made up of short-term awards typically based on short-term financial and strategic measures for the area of the business in which the member of Code Staff works;

There is no remuneration committee. The Board of TBH oversees the setting and review of remuneration levels performed by the operating Board of TBFS. From an overall group perspective and operating company level, remuneration is set within the context of a 5-year plan which ensures any threats to capital adequacy, liquidity and solvency caused by excessive remuneration would be identified. The bonus arrangements including the staff bonus pool are set annually as part of the annual operating plan and any changes to the pool require approval by the CEO of TBFS and also the Board of TBH.

The main shareholders are represented on the Board of TBH which ratifies the annual operating plans. The annual operating plan includes the level of remuneration for all staff including Code Staff.

To assist with the above process, a benchmarking exercise was conducted in 2015 which incorporated information from external consultants in connection with remuneration.

The staff bonus scheme is operated so as to allow for meaningful rewards to be paid to staff whose performance during the year merits recognition but within the context of an annual operating plan. The TBH Board bears in mind the projected performance of the companies when making any adjustments to the scheme. Payment of scheme bonus to individuals is linked to their performance against agreed objectives from staff appraisals.

The Manager has elected to adopt the UCITS V Directive's Remuneration Code ahead of the compulsory adoption date of accounting periods beginning on or after 1 January 2017.

REMUNERATION POLICY OF THE AUTHORISED FUND MANAGER (CONTINUED)

Total remuneration paid by the Manager for the year ended 30 September 2016*

Total Number of Staff	33
	£
Fixed	1,061,197
Variable	5,000
Total Remuneration Paid	1,066,197

Total remuneration paid by the Manager to Remuneration Code Staff for the year ended 30 September 2016

	Senior Management	Staff with Material Impact
Total Number of Staff	7	2
	£	£
Fixed	563,542	100,345
Variable	4,000	-
Total Remuneration Paid	567,542	100,345

Please note that there were no remuneration payments made directly from the T. Bailey Dynamic Fund.

** Please note that this is the year-end date of the Manager (T. Bailey Fund Services Limited), not that of the Fund.*

STATEMENT OF THE AUTHORISED FUND MANAGER'S RESPONSIBILITIES

The Authorised Fund Manager ("the Manager") of the Fund is responsible for preparing the report and the financial statements in accordance with the Open-Ended Investment Companies Regulations 2001 ("the OEIC Regulations"), the Financial Conduct Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Fund's Instrument of Incorporation.

The OEIC Regulations and COLL require the Manager to prepare financial statements for each accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: "Financial Statements of Authorised Funds" issued by the Investment Association ("IA SORP") in May 2014; and
- give a true and fair view of the financial position of the Fund as at the end of that period and the net revenue or expense and the net capital gains or losses on the property of the Fund for that period.

In preparing the financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the IA SORP 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 Fund will continue in operation.

The Manager is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Fund and enable them to ensure that the financial statements comply with the applicable IA SORP and United Kingdom Accounting Standards and applicable law. The Manager is also responsible for the system of internal controls, for safeguarding the assets of the Fund and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' STATEMENT

In accordance with COLL 4.5.8BR, the report and the financial statements were approved by the board of directors of the Manager of the Fund and authorised for issue on 7 July 2017.

The Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the Fund consist predominantly of readily realisable securities and accordingly the Fund has adequate resources to continue in operational existence in the foreseeable future.

Helen Stevens
Chief Executive Officer
T. Bailey Fund Services Limited
7 July 2017

Richard Taylor
Compliance Director
T. Bailey Fund Services Limited
7 July 2017

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Scheme Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Scheme and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Scheme in accordance with the Regulations.

The trustee must ensure that:

- the Scheme's cash flows are properly monitored (this requirement on the trustee applied from 18 March 2016) and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units in the Scheme is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- the Scheme's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM") are carried out (unless they conflict with the Regulations).

The trustee also has a duty to take reasonable care to ensure that the Scheme is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Scheme.

TRUSTEE'S REPORT TO THE UNITHOLDERS OF T. BAILEY DYNAMIC FUND

Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Scheme, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's income in accordance with the Regulations, the Scheme documents, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

National Westminster Bank Plc
Trustee & Depositary Services
London
7 July 2017

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF T. BAILEY DYNAMIC FUND

We have audited the financial statements of T. Bailey Dynamic Fund ("the Fund") for the year ended 31 March 2017 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the distribution tables and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice: "Financial Statements of Authorised Funds" issued by the Investment Association in May 2014, the Collective Investment Schemes Sourcebook and the Trust Deed.

This report is made solely to the fund's unitholders, as a body, in accordance with Paragraph 4.5.12R of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the fund and the fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Trustee, the Manager and the Auditor

As explained more fully in the Statement of Trustee's Responsibilities and the Statement of the Authorised Fund Manager's Responsibilities, the Trustee is responsible for safeguarding the property of the fund and the Manager is responsible for the preparation of the financial statements. Our responsibility is to audit and express an opinion on the financial statements in accordance with the requirements of the Collective Investment Schemes Sourcebook, applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the fund as at 31 March 2017 and of the net revenue and the net capital gains on the property of the fund for the year ended 31 March 2017; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice "Financial Statements of Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Trust Deed.

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF T. BAILEY DYNAMIC FUND
(CONTINUED)**

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the fund have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the Annual Report for the year ended 31 March 2017 for the purpose of complying with Paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

**Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
7 July 2017**

INVESTMENT REVIEW

Performance

	Cumulative returns for the periods ended 31 March 2017 (%)		
	1 year	3 years	5 years
TBDYF – Institutional units ¹	13.32	24.29	46.12
TBDYF – Retail units ¹	12.31	20.97	40.00
IA Mixed Investment 20%-60% Shares Sector Mean	12.90	19.58	36.57
CPI+3%	4.71	11.66	23.78

	Discrete returns for the 12 month periods ended 31 March 2017 (%)				
	2017	2016	2015	2014	2013
TBDYF - Institutional units ¹	13.32	(1.03)	10.83	4.66	12.33
TBDYF - Retail units ¹	12.31	(1.92)	9.82	3.84	11.45
IA Mixed Investment 20%-60% Shares Sector Mean	12.90	(2.46)	8.58	3.64	10.20
CPI+3%	4.71	3.54	2.99	4.67	5.91

¹ Performance based on Income units.

Source: Financial Express. Total return, bid to bid. Sterling terms.

Past performance is not a reliable indicator of future results. Investors are reminded that the price of units and the revenue derived from them is not guaranteed and may go down as well as up.

Equity markets on average across the globe have delivered double-digit returns over the twelve-month period when measured in Sterling terms. Such strong performance starkly contrasts to the deflationary gloom that was prevalent at the start of the period in early 2016. Thus, the direction of travel for markets over the period has continued the broad trend of the last 3 or 5 years as the performance table above indicates.

However, the underlying drivers of market returns have varied through that time. For Sterling based investors in global financial markets, a notable proportion of the returns in the last 12 months are a result of translation effects arising from the fall in the value of the Pound in the wake of the UK's 'Brexit' referendum decision. Relative to the US Dollar, for example, the fall in Sterling has been 13% over the period.

The T. Bailey Dynamic Fund, in part, invests in global, non-UK assets to provide alternative sources of growth and income and also diversification opportunities to assist in managing the volatility of the fund. This proportion of its assets provided the benefit of a natural hedge against the sharp fall in Sterling during the period.

Another feature of the period has been a resurgence in the performance of Asian and Emerging Market equities relative to those of more developed markets of the US and Europe. Concern around the fragility of Chinese growth dissipated somewhat through 2016 and the T. Bailey Dynamic Fund benefited from retaining some exposure to these areas.

INVESTMENT REVIEW (CONTINUED)

Asset Class	Index/Sector	6 months ended	12 months ended
		31 March 2017 (%)	31 March 2017 (%)
UK Equities	IA UK All Companies	8.41	17.95
Global Equities	IA Global	11.53	28.56
Emerging Equities	IA Global Emerging	11.06	35.27
Corporate Bonds	IA Sterling Corporate Bond	(0.60)	8.88
Index Linked Gilts	IA UK Index-Linked Gilts	(3.78)	20.72
Gilts	IA Gilts	(3.56)	7.35
Property	IA Property	1.24	6.81
Gold	S&P GSCI Gold Spot	(1.86)	15.06

Source: Financial Express. Total return, Sterling terms. Bid to bid.

Away from equity markets, meaningful returns have also been evident in debt markets where sovereign fixed income has provided high single-digit returns that are well in excess of the miserly income yields such assets offer and in index-linked markets where real yields have moved ever more negative. As a result, mainstream government bonds and those of high-grade corporates are priced more like commodities, reflecting short-term sentiment around future growth and economic stability. The result is a low expectation for future returns from these assets along with a marked rise in volatility that we are mindful to avoid.

Thus during the period we reduced exposure to mainstream fixed income and debt funds, increased the cash weighting and replaced a couple of the absolute return fund holdings in the portfolio through introducing positions in F&C Global Equity Market Neutral and Jupiter Absolute Return Fund. We have also made greater use of diversifying assets as a source of income (e.g. Custodian REIT and IMPACT Healthcare REIT) and for managing portfolio volatility and risk (e.g. ETFS Gold Bullion Securities).

Our selection of active managers used to populate the T. Bailey Dynamic Funds' portfolio along with biases towards our favoured long-term growth themes, particularly around healthcare and infrastructure sectors, have also proved helpful in limiting the volatility of the fund through the more turbulent times for equity markets during the period.

Following a sharp fall in Sterling during the period, and aware of the risk any reversal would pose to delivering the fund's objective of UK inflation plus 3% per annum, we reduced the non-Sterling exposure of the portfolio through forward currency contracts. This has efficiently mitigated a meaningful proportion of the portfolio exposed to non-sterling currencies whilst allowing us to retain the growth and diversification opportunities of the underlying investments.

Sector	Asset allocation as at	Asset allocation as at
	31 March 2017 (%)	31 March 2016 (%)
Absolute Return	17.3	20.0
Diversifiers	21.1	16.5
Emerging Market Equities	3.5	3.1
Fixed Income and Debt	10.4	13.7
Global and Thematic Equities	25.3	19.5
European ex UK Equities	-	4.7
Japan Equities	2.6	3.8
Pacific Basin Ex Japan Equities	3.5	4.0
UK Equities	8.9	9.3
Forward Currency Contracts	0.3	-
Cash and Other	7.1	5.4
Total	100.0	100.0

INVESTMENT REVIEW (CONTINUED)

Outlook

Central banks have maintained abnormally low interest rates in the wake of the financial crisis and, through less orthodox techniques, have sought to manage the prices of financial assets through crowding out investors in what have traditionally been considered safe assets such as government bonds. This has pushed many investors into more risky assets.

However, the side effects of relying on such policies for an extended period are becoming apparent and growing. The very fabric of financial markets from banking through to insurance and pension provision are struggling to provide the outcomes expected by customers of these products and services. Furthermore, without the rationing of financial resources through a real price of money it is little wonder productivity growth is lacking. Politics has become involved through the rise of more populist movements and talk of a greater role to be played by fiscal over monetary policy.

While the global financial engineering undertaken by central banks has revived so-called 'animal spirits', it doesn't intrinsically generate new wealth. That requires innovation, a willingness to experiment, to create something new and to take risks. Unfortunately, the real economy cannot engineer or invent new assets at the same pace that money can be created. Thus the home for accommodative monetary policy has largely been the liquid pools of assets of public markets. As a result, in the short-term, market indices may continue to melt-up but with central bank rhetoric moving away from financial assets to what is happening in the real economy and as the pace of money supply growth slows we would caution against investors expecting to achieve a continuation of the index returns of the recent past.

We consider these market dynamics far removed from the interests of retail investors who simply wish to carry the spending power of their savings into the future with confidence and in the process generate a positive, real return on that capital they are supplying to the market.

Our investment approach recognises these broad trends by taking a more focused, thematic investment style that emphasises the longer-term solutions as populations become older, wealthier, more connected and less rural. We have every faith these longer-term trends will transcend shorter-term market sentiment and political cycles. Further, by collaborating with like-minded investment professionals in the underlying funds we select and ensuring they are unconstrained to provide sound judgement in their investment choices we are confident of providing better outcomes for investors in the fund.

Elliot Farley
Fund Manager
T. Bailey Asset Management Limited
7 July 2017

Peter Askew
Fund Manager
T. Bailey Asset Management Limited
7 July 2017

PORTFOLIO STATEMENTAs at 31 March 2017

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Absolute Return (17.3%; 31.03.16 - 20.0%)		
4,037,985 F&C Global Equity Market Neutral	2,374,335	3.4
4,254,870 Jupiter Absolute Return	2,449,954	3.6
161,144 Polar Capital UK Absolute Equity	2,439,715	3.5
1,512,871 Old Mutual Global Equity Absolute Return	2,458,567	3.6
194,748 Old Mutual UK Specialist Equity	2,210,152	3.2
	11,932,723	17.3
Diversifiers (21.1%; 31.03.16 - 16.5%)		
500,000 Amedeo Air Four Plus*	517,500	0.7
1,325,000 Bluefield Solar Income*	1,457,500	2.1
1,663,107 Custodian REIT*	1,854,364	2.7
49,654 ETFS Gold Bullion Securities*	4,676,576	6.8
1,165,748 GCP Student Living*	1,742,793	2.5
1,600,000 Impact Healthcare REIT*	1,632,000	2.4
950,000 Phaunos Timber*	325,498	0.5
1,218,450 SQN Asset Finance Income*	1,367,710	2.0
325,448 SQN Asset Finance Income C Shares*	342,534	0.5
631,303 UK Mortgages*	602,894	0.9
	14,519,369	21.1
Emerging Market Equities (3.5%; 31.03.16 - 3.1%)		
1,452,110 MI Somerset Emerging Markets Dividend Growth	2,394,385	3.5
	2,394,385	3.5
Fixed Income and Debt (10.4%; 31.03.16 - 13.7%)		
1,616,000 M&G Global Floating Rate High Yield	1,764,510	2.6
18,806 New Capital Wealthy Nations Bond	2,194,303	3.2
1,271,530 TwentyFour Select Monthly Income*	1,214,311	1.8
18,066 Vontobel TwentyFour Absolute Return Credit	1,944,988	2.8
	7,118,112	10.4

PORTFOLIO STATEMENT (CONTINUED)As at 31 March 2017

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Global and Thematic Equities (25.3%; 31.03.16 - 19.5%)		
868,838 First State Global Listed Infrastructure	2,313,195	3.4
1,299,504 Lazard Global Listed Infrastructure Equity	2,220,593	3.2
15,118 Pictet Security	2,622,539	3.8
415,435 Polar Capital Global Insurance	2,418,997	3.5
84,289 Polar Capital Healthcare Opportunities	2,575,020	3.7
15,119 RobecoSAM Smart Materials	2,267,345	3.3
262,231 Robo Global Robotics and Automation*	2,594,776	3.8
129,176 Touchstone Innovations*	400,446	0.6
	<hr/> 17,412,911	<hr/> 25.3
Japan Equities (2.6%; 31.03.16 - 3.8%)		
1,148,492 JPM Japan	1,760,638	2.6
	<hr/> 1,760,638	<hr/> 2.6
Pacific Basin Ex Japan Equities (3.5%; 31.03.16 - 4.0%)		
18,113 Prusik Asian Equity Income	2,440,167	3.5
	<hr/> 2,440,167	<hr/> 3.5
UK Equities (8.9%; 31.03.16 - 9.3%)		
1,672,371 Man GLG Undervalued Assets	2,286,130	3.3
165,000 Polar Capital UK Value Opportunities	1,724,250	2.5
1,613,911 Wood Street Microcap Investment	2,097,923	3.1
	<hr/> 6,108,303	<hr/> 8.9

PORTFOLIO STATEMENT (CONTINUED)As at 31 March 2017

Holding or nominal value of positions	Unrealised Gain/(loss) value £	Percentage of total net assets %
Forward Currency Contracts (0.3%; 31.03.16 - 0.0%)		
£7,637,663 Forward FX GBP v \$9,300,000 (expires 12.04.17)	199,583	0.3
	<hr/> 199,583	<hr/> 0.3
Portfolio of investments	63,886,191	92.9
Net other assets	4,877,068	7.1
Total net assets	<hr/> 68,763,259	<hr/> 100.0

Asset Class	Asset class allocation as at 31 March 2017 (%)	Asset class allocation as at 31 March 2016 (%)
Collective Investment Schemes	65.3	74.1
Exchange Traded Funds	10.6	4.8
Investment Trusts	16.1	14.9
Equities	0.6	0.8
Forward Currency Contracts	0.3	-
Cash and Other	7.1	5.4
Total	100.0	100.0

** Denotes holdings that are listed on recognised stock exchanges.*

All other holdings are in collective investment schemes which are traded on regulated markets.

'European ex UK Equities' sector disinvested since the beginning of the period (31 March 2016: 4.7%).

SUMMARY OF FUND PERFORMANCE

Institutional Income Units	1 Apr 2016 to 31 Mar 2017	1 Apr 2015 to 31 Mar 2016	1 Apr 2014 to 31 Mar 2015
	(pence per unit)	(pence per unit)	(pence per unit)
Change in net assets per unit			
Opening net asset value per unit	53.80	55.38	51.12
Return before operating charges*	7.37	(0.18)	5.79
Operating charges	(0.40)	(0.42)	(0.40)
Return after operating charges*	6.97	(0.60)	5.39
Distributions on income units	(0.93)	(0.98)	(1.13)
Closing net asset value per unit	59.84	53.80	55.38
* after direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges	12.96%	(1.08)%	10.54%
Other information			
Closing net asset value	£23,120,068	£20,836,519	£21,032,341
Closing number of units	38,634,703	38,727,334	37,981,411
Operating charges (p.a.)	1.38%	1.48%	1.52%
Direct transaction costs (p.a.)	0.01%	0.01%	0.01%
Prices			
Highest published unit price	60.33	56.64	56.04
Lowest published unit price	53.37	51.28	50.28

Past performance is not a reliable indicator of future results. Investors are reminded that the price of units and the revenue derived from them is not guaranteed and may go down as well as up.

SUMMARY OF FUND PERFORMANCE (CONTINUED)

Institutional Accumulation Units	1 Apr 2016 to 31 Mar 2017	1 Apr 2015 to 31 Mar 2016	1 Apr 2014 to 31 Mar 2015
	(pence per unit)	(pence per unit)	(pence per unit)
Change in net assets per unit			
Opening net asset value per unit	67.33	68.05	61.49
Return before operating charges*	9.29	(0.20)	7.05
Operating charges	(0.51)	(0.52)	(0.49)
Return after operating charges*	8.78	(0.72)	6.56
Distributions	(1.15)	(1.18)	(1.37)
Retained distributions on accumulation units	1.15	1.18	1.37
Closing net asset value per unit	76.11	67.33	68.05
* after direct transaction costs of:	0.00	0.01	0.01
Performance			
Return after charges	13.04%	(1.06)%	10.67%
Other information			
Closing net asset value	£42,996,940	£22,102,249	£1,635,341
Closing number of units	56,491,453	32,826,738	2,403,231
Operating charges (p.a.)	1.38%	1.48%	1.52%
Direct transaction costs (p.a.)	0.01%	0.01%	0.01%
Prices			
Highest published unit price	76.41	69.64	68.45
Lowest published unit price	66.78	63.88	60.72

Past performance is not a reliable indicator of future results. Investors are reminded that the price of units and the revenue derived from them is not guaranteed and may go down as well as up.

SUMMARY OF FUND PERFORMANCE (CONTINUED)

Retail Income Units	1 Apr 2016 to 31 Mar 2017	1 Apr 2015 to 31 Mar 2016	1 Apr 2014 to 31 Mar 2015
	(pence per unit)	(pence per unit)	(pence per unit)
Change in net assets per unit			
Opening net asset value per unit	49.69	51.66	48.13
Return before operating charges*	6.78	(0.16)	5.42
Operating charges	(0.84)	(0.85)	(0.82)
Return after operating charges*	5.94	(1.01)	4.60
Distributions on income units	(0.86)	(0.96)	(1.07)
Closing net asset value per unit	54.77	49.69	51.66
* after direct transaction costs of:	0.00	0.00	0.00
Performance			
Return after charges	11.95%	(1.96)%	9.56%
Other information			
Closing net asset value	£401,404	£427,330	£1,297,009
Closing number of units	732,892	859,953	2,510,806
Operating charges (p.a.)	2.28%	2.38%	2.42%
Direct transaction costs (p.a.)	0.01%	0.01%	0.01%
Prices			
Highest published unit price	55.24	52.83	52.29
Lowest published unit price	49.19	47.46	47.11

Past performance is not a reliable indicator of future results. Investors are reminded that the price of units and the revenue derived from them is not guaranteed and may go down as well as up.

SUMMARY OF FUND PERFORMANCE (CONTINUED)

Retail Accumulation Units	1 Apr 2016 to 31 Mar 2017	1 Apr 2015 to 31 Mar 2016	1 Apr 2014 to 31 Mar 2015
	(pence per unit)	(pence per unit)	(pence per unit)
Change in net assets per unit			
Opening net asset value per unit	62.44	63.69	58.07
Return before operating charges*	8.57	(0.19)	6.62
Operating charges	(1.06)	(1.06)	(1.00)
Return after operating charges*	7.51	(1.25)	5.62
Distributions	(1.09)	(1.15)	(1.30)
Retained distributions on accumulation units	1.09	1.15	1.30
Closing net asset value per unit	69.95	62.44	63.69
* after direct transaction costs of:	0.00	0.01	0.01
Performance			
Return after charges	12.03%	(1.96)%	9.68%
Other information			
Closing net asset value	£2,244,847	£2,155,192	£3,053,411
Closing number of units	3,209,238	3,451,461	4,794,497
Operating charges (p.a.)	2.28%	2.38%	2.42%
Direct transaction costs (p.a.)	0.01%	0.01%	0.01%
Prices			
Highest published unit price	70.25	65.16	64.07
Lowest published unit price	61.81	59.31	57.32

Past performance is not a reliable indicator of future results. Investors are reminded that the price of units and the revenue derived from them is not guaranteed and may go down as well as up.

STATEMENT OF TOTAL RETURNFor the year ended 31 March 2017

			31.03.17	30.03.16
	Notes	£	£	£
Income				
Net capital gains/(losses)	2		6,544,405	(240,252)
Revenue	3	952,557		619,031
Expenses	4	<u>(432,201)</u>		<u>(304,687)</u>
Net revenue before taxation		520,356		314,344
Taxation	5	<u>(11,370)</u>		<u>(2,188)</u>
Net revenue after taxation			<u>508,986</u>	<u>312,156</u>
Total return before distributions			7,053,391	71,904
Distributions	6		(918,404)	(608,673)
Change in net assets attributable to unitholders from investment activities			<u>6,134,987</u>	<u>(536,769)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERSFor the year ended 31 March 2017

			31.03.17	30.03.16
	Notes	£	£	£
Opening net assets attributable to unitholders			45,521,290	27,018,102
<i>Movements due to sales and repurchases of units:</i>				
Amounts receivable on issue of units		19,626,046		21,819,098
Amounts payable on cancellation of units		<u>(3,158,145)</u>		<u>(3,015,622)</u>
			16,467,901	18,803,476
Dilution levy			37,064	-
Change in net assets attributable to unitholders from investment activities			6,134,987	(536,769)
Retained distributions on accumulation units	6		602,017	236,481
Closing net assets attributable to unitholders			<u>68,763,259</u>	<u>45,521,290</u>

BALANCE SHEET
As at 31 March 2017

	Notes	31.03.17 £	31.03.16 £
Assets:			
Fixed assets:			
Investments		63,886,191	43,075,826
Current assets:			
Debtors	7	1,401,954	169,118
Cash and bank balances	8	3,680,632	2,440,856
Total assets		68,968,777	45,685,800
Creditors:			
Distribution payable on income units	6	98,170	99,418
Other creditors	9	107,348	65,092
Total liabilities		205,518	164,510
Net assets attributable to unitholders		68,763,259	45,521,290

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2017

1. Accounting policies**(a) Basis of accounting**

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Association in May 2014.

As described in the Statement of the Authorised Fund Manager's Responsibilities, the Manager continues to adopt the going concern basis in the preparation of the financial statements of the Fund.

(b) Functional currency

The functional currency used in the financial statements is Pound Sterling.

(c) Recognition of revenue

Dividends and distributions on holdings, net of any irrecoverable tax credits, are recognised when the underlying transferable security or collective investment scheme is quoted ex-dividend or ex-distribution. Bank interest and income management fee rebates are accounted for on an accruals basis.

(d) Treatment of stock dividends

Stock dividends are credited to the capital account when the stock is quoted ex-dividend. The cash equivalent is then transferred to the revenue account and forms part of the distributable revenue.

The allocation of special dividends is considered on a case-by-case basis.

(e) Equalisation on distributions

Equalisation, on revenue distributions received by the Fund from its holdings in underlying collective investment schemes, is treated as a return of capital.

(f) Treatment of expenses

All expenses, net of any associated tax effect, are charged to the capital account with the exception of bank interest and transaction charges relating to the payment of revenue, which are charged to the revenue account.

(g) Allocation of revenue and expenses to multiple unit classes

Any assets or liabilities not attributable to a particular unit class are allocated by the Manager in a manner which is considered fair to unitholders in general, usually pro-rata based on the net asset values of the relevant unit classes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2017

1. Accounting policies (continued)**(h) Taxation/deferred taxation**

Corporation tax is provided for on taxable revenue, less deductible expenses, at a rate of 20%.

Deferred tax is provided for in respect of all items that have been included in these financial statements, or those of a previous period, that will be included in future periods for taxation purposes, other than those timing differences regarded as permanent. Any liability to deferred tax is provided for at the average rates of tax expected to apply.

(i) Distribution policy

Revenue produced by the Fund's investments accrues quarterly. At the end of each period, the revenue plus an adjustment for expenses allocated to capital, is distributed/accumulated at the discretion of the Investment Manager as per the prospectus. Equalisation received on distributions is included in the revenue distributed/accumulated.

(j) Exchange rates

Assets and liabilities in overseas currencies at the year-end are translated into Pound Sterling at the latest available rates of exchange on the balance sheet date.

(k) Basis of valuation of investments

The investments are valued at closing prices on the balance sheet date. If closing prices are not available, the latest available prices are used.

If separate offer and bid prices are quoted for shares or units, then the bid price is used.

If no price or recent available price exists, the investment is valued at a price which, in the opinion of the Manager, reflects the fair value of the asset.

(l) Management fee rebates

Management fee rebates are accounted for on an accruals basis and are allocated to the capital or revenue account of the Fund according to whether the underlying fund charges its fees to capital or revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2017

2. Net capital gains/(losses)

	31.03.17	31.03.16
	£	£
Non-derivative securities	5,953,003	(410,515)
Currency gains	768,109	137,621
Forward currency contracts losses	(212,703)	-
Transaction charges	(500)	(648)
Equalisation on UK distributions	33,018	31,683
Capital management fee rebates	3,478	1,607
Net capital gains/(losses)	6,544,405	(240,252)

3. Revenue

	31.03.17	31.03.16
	£	£
UK franked distributions	290,339	134,966
UK unfranked distributions	212,499	193,614
UK franked dividends	3,619	15,542
UK unfranked dividends	117,018	19,343
Overseas dividends	326,967	256,400
Bank interest	68	53
Income management fee rebates	2,086	(452)
Unfranked income currency losses	(39)	(435)
Total revenue	952,557	619,031

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2017

4. Expenses

	31.03.17	31.03.16
	£	£
Payable to the Manager, associates of the Manager and agents of either:		
Annual management charge	367,936	241,261
Registration fees	15,222	16,471
Administration fees	10,956	10,749
	<u>394,114</u>	<u>268,481</u>
Payable to the Trustee, associates of the Trustee and agents of either:		
Trustee's fees	27,120	16,726
Safe custody fees	1,351	807
	<u>28,471</u>	<u>17,533</u>
Other expenses:		
Audit fee	6,480	6,480
Tax fee	2,280	2,280
FCA fee	241	313
Other expenses	615	9,600
	<u>9,616</u>	<u>18,673</u>
Total expenses	<u>432,201</u>	<u>304,687</u>
	31.03.17	31.03.16
	£	£
Fees payable to the company auditor for the audit of the companies annual accounts:		
Total audit fee	<u>6,480</u>	<u>6,480</u>
Total non audit fees - Tax compliance services	<u>2,280</u>	<u>2,280</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2017

5. Taxation**(a) Analysis of the charge in the year**

	31.03.17	31.03.16
	£	£
Analysis of charge in the year		
Irrecoverable income tax	11,370	2,188
Total current tax for the year (see note 5(b))	11,370	2,188
Deferred tax (see note 5(c))	-	-
Total taxation for the year	11,370	2,188

Corporation tax has been provided at a rate of 20% (31 March 2016: 20%).

(b) Factors affecting the current taxation charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:

	31.03.17	31.03.16
	£	£
Net revenue before taxation	520,356	314,344
Corporation tax at 20%	104,071	62,869
Effects of:		
Revenue not subject to taxation	(124,185)	(81,381)
Capital management fees	696	321
Excess expenses for which no relief taken	19,418	18,191
Irrecoverable income tax	11,370	2,188
Current tax charge for the year (see note 5(a))	11,370	2,188

(c) Provision for deferred tax

At 31 March 2017, the Fund had surplus management expenses of £269,543 (31 March 2016: £172,451). The deferred tax in respect of this would be £53,908 (31 March 2016: £34,490). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised at year end (see note 5(a)).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2017

6. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	31.03.17	31.03.16
	£	£
Interim - Income (30 Jun)	62,692	98,099
Interim - Income (30 Sep)	116,968	107,129
Interim - Income (31 Dec)	90,893	85,917
Final - Income (31 Mar)	98,170	99,418
	<hr/> 368,723	<hr/> 390,563
Interim - Accumulation (30 Jun)	91,405	20,213
Interim - Accumulation (30 Sep)	177,522	23,639
Interim - Accumulation (31 Dec)	154,047	85,866
Final - Accumulation (31 Mar)	179,043	106,763
	<hr/> 602,017	<hr/> 236,481
Add: Revenue deducted on cancellation of units	9,391	10,210
Deduct: Revenue received on issue of units	(61,727)	(28,581)
Net distribution for the year	<hr/> 918,404	<hr/> 608,673
Interest	-	-
Total finance costs	<hr/> 918,404	<hr/> 608,673
Reconciliation to net distribution for the year		
Net revenue after taxation for the year	508,986	312,156
Expenses allocated to capital, net of tax relief	373,072	262,521
Realised income currency (losses)/gains	(150)	706
Equalisation on UK distributions	33,018	31,683
Capital management fee rebates	3,478	1,607
Net distribution for the year	<hr/> 918,404	<hr/> 608,673

Details of the distributions per unit are set out in the distribution tables on pages 34 and 35.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2017

7. Debtors

	31.03.17	31.03.16
	£	£
Amounts receivable for issue of units	1,005	123,539
Sales awaiting settlement	1,367,026	-
Accrued revenue	5,093	10,665
Prepayments	1	3
Income tax recoverable	27,375	33,589
Management fee rebates recoverable	1,454	1,322
Total debtors	1,401,954	169,118

8. Cash and bank balances

	31.03.17	31.03.16
	£	£
Cash and bank balances	3,680,632	2,440,856
Total cash and bank balances	3,680,632	2,440,856

9. Other creditors

	31.03.17	31.03.16
	£	£
Amounts payable for cancellation of units	54,348	25,818
Accrued managers fees	39,066	25,743
Accrued registration fees	937	1,759
Accrued administration fees	1,014	924
Accrued trustee fees	2,948	1,897
Accrued custody fees	275	191
Accrued audit fees	6,480	6,480
Accrued tax fees	2,280	2,280
Total creditors	107,348	65,092

10. Related party transactions

The Manager is regarded as a related party of the Fund. The Manager acts as either agent or principal for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through issue and paid on cancellation are disclosed in the statement of change in net assets attributable to unitholders.

As at the balance sheet date, The T. Bailey Fund Services Defined Contribution Pension Scheme held 101,360 units in the T. Bailey Dynamic Fund. There were no other units held by the Manager, Trustee or associates of either the Manager or the Trustee. As at 31 March 2017, one single unitholder held units amounting to approximately 26.6% of the Fund's total net asset value.

Details of transactions occurring during the accounting period between the Manager and the Trustee, and any balances due at the period end are fully disclosed in notes 4 and 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2017

11. Unit classes

As at the balance sheet date the Fund had four unit classes. The following table shows a breakdown of the change in units in issue of each unit class in the period:

	Institutional Income
Opening units at the start of the period	38,727,333.515
Total creation of units in the period	548,940.686
Total cancellation of units in the period	(641,571.650)
Closing units at the end of the period	38,634,702.551

	Retail Income
Opening units at the start of the period	859,952.679
Total creation of units in the period	5,091.994
Total cancellation of units in the period	(132,153.125)
Closing units at the end of the period	732,891.548

	Institutional Accumulation
Opening units at the start of the period	32,826,738.405
Total creation of units in the period	26,454,957.845
Total cancellation of units in the period	(2,790,242.950)
Closing units at the end of the period	56,491,453.300

	Retail Accumulation
Opening units at the start of the period	3,451,460.738
Total creation of units in the period	947,765.980
Total cancellation of units in the period	(1,189,989.045)
Closing units at the end of the period	3,209,237.673

The annual management charge of each unit class is as follows:

Institutional Income	0.60% p.a.
Retail Income	1.50% p.a.
Institutional Accumulation	0.60% p.a.
Retail Accumulation	1.50% p.a.

The net asset value of each unit class, the net asset value per unit and the number of units in each class are given in the Summary of Fund Performance tables on pages 15 to 18. The distributions per unit class are given in the distribution tables on pages 34 and 35. Income, and the associated tax, which is not attributable to a particular unit class is allocated by the Manager in a manner which is considered fair to unitholders in general, usually pro-rata based on the net asset values of the unit classes. All classes have the same rights on winding up.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2017

12. Risk management policies

In pursuing its objective, the Fund holds financial instruments which expose it to various types of risk. The main risks inherent in the Fund's investment portfolio, and the Manager's policies for managing these risks, which were applied consistently throughout the period, are set out below:

(a) Currency exposures

The Fund's financial assets are mainly invested in other collective investment schemes and transferable securities whose prices are generally quoted in Pound Sterling. The Fund may also invest in other Schemes whose prices are quoted in other currencies. This gives rise to a direct currency exposure, details of which are shown in the following table.

	Net foreign currency assets at 31 March 2017			Net foreign currency assets at 31 March 2016		
	Monetary exposures	Non- monetary exposures	Total	Monetary exposures	Non- monetary exposures	Total
	£'000	£'000	£'000	£'000	£'000	£'000
US Dollar	-	7,442	7,442	-	4,227	4,227

The Investment Manager has used forward currency contracts throughout the period to help manage the currency exposure but the exposure will tend to be a relatively small percentage of the total net asset value of the Fund (31 March 2017: 10.8%, 31 March 2016: 9.3%).

In addition, the Fund's investments have an indirect exposure to exchange rate movements on the underlying investments of the collective investment schemes and transferable securities that are held in foreign currencies. Movements in exchange rates will impact on the prices of such underlying investments and as a result may affect the value of the Fund.

If GBP to foreign currency exchange rates had strengthened by 10% as at the balance sheet date, the net asset value of the fund would have decreased by £676,567 (31 March 2016: £384,290). If GBP to foreign currency exchange rates had weakened by 10% as at the balance sheet date, the net asset value of the fund would have increased by £826,916 (31 March 2016: £469,687). These calculations assume all other variables remain constant.

(b) Cash flow risk and interest rate risk profile of financial assets and liabilities

The Fund's revenue is mainly received from holdings in regulated collective investment schemes and transferable securities. The revenue cash flow from these and from their underlying investments may fluctuate depending upon the particular decisions made by the companies in which they invest. The Fund does not have any long term financial liabilities. The Fund is affected by the impact of movements in interest rates on its own cash balances and on certain underlying investments held by the other collective investment schemes and transferable securities in which it invests.

In addition, the Fund's investments have an indirect exposure to interest rate risk through the transferable securities and collective investment schemes held which are bond funds. Movements in interest rates will impact on the prices of interest bearing securities, such as bonds (and therefore also bond funds), and as a result may affect the value of the fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2017

12. Risk management policies (continued)**(b) Cash flow risk and interest rate risk profile of financial assets and liabilities (continued)**

The direct exposure of the Fund to interest rate risk as at the balance sheet date is shown in the following table:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not bearing interest	Floating rate financial liabilities	Financial liabilities not bearing interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000
31.03.17						
Sterling	3,681	-	57,846	-	(206)	61,321
US Dollar	-	-	7,442	-	-	7,442
31.03.16						
Sterling	2,441	-	39,018	-	(165)	41,294
US Dollar	-	-	4,227	-	-	4,227

Short term debtors and creditors are included as financial assets and liabilities not bearing interest in the above table.

The floating rate financial assets and liabilities comprise: Sterling denominated bank account balances that bear interest at the Bank of England base rate less 75 basis points (to a minimum of NIL), and overdrafts that bear interest at the Bank of England base rate plus 100 basis points. Financial assets and liabilities not bearing interest mainly comprise investments that do not have a maturity date.

Cash flow risk and interest rate risk is managed by only holding cash at reputable financial institutions.

Changes in interest rates would have no material impact to the valuation of floating rate financial assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

(c) Liquidity risk

All of the Fund's underlying financial assets are considered to be readily realisable. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement. All of the Fund's financial liabilities are payable on demand or in less than one year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2017

12. Risk management policies (continued)**(d) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk. Cash is held with reputable credit institutions and credit risk is assessed on a regular basis.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. The Fund only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty and these are reviewed on an ongoing basis.

(e) Market price risk

The Fund's underlying investments are collective investment schemes and transferable securities quoted on recognised stock exchanges or traded on regulated markets. The value of shares/units is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual share/unit held within an underlying scheme or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio.

The Investment Manager seeks to minimise these risks by holding a diversified portfolio of transferable securities and collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority's Collective Investment Schemes sourcebook, which includes rules prohibiting a holding greater than 20% of the assets of the Fund in any one underlying investment.

If the value of shares/units in the underlying investments were to increase or decrease by 10% the change in the net asset value of the Fund would be £6,388,619 (31 March 2016: £4,307,583). This calculation assumes all other variables remain constant.

(f) Fair value of financial assets and liabilities

Valuation technique	INVESTMENT ASSETS	
	31 March 2017	31 March 2016
	£	£
Quoted prices for identical instruments in active markets	18,928,485	9,361,346
Prices of recent transactions for identical instruments	44,957,706	33,714,480
Valuation techniques using observable market data	-	-
Valuation techniques using non-observable data	-	-
	<u>63,886,191</u>	<u>43,075,826</u>

As at the year-end there were no investment liabilities (31 March 2016: £nil). There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

(g) Commitments on derivatives

At the balance sheet date the Fund held derivatives with a total unrealised gain amount of £199,583 (31 March 2016: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2017

13. Transaction costs**(a) Direct transaction costs**

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties incurred when purchasing and selling the underlying securities. A breakdown of the purchases and sales, and the related direct transaction costs incurred by the Fund in the period are shown in the table below:

	31.03.17		30.03.16
	£		£
Analysis of total purchase costs			
PURCHASES			
Collective Investment Schemes	26,509,161		28,011,126
Equities	120,400		429,998
Exchange Traded Funds	4,676,759		1,449,395
Investment Trusts	4,989,953		6,382,565
Net purchases before direct transaction costs	<u>36,296,273</u>		<u>36,273,084</u>
		% of total	% of total
		purchases	purchases
DIRECT TRANSACTION COSTS			
Equities	242	0.00%	-
Exchange Traded Funds	1,038	0.00%	520
Investment Trusts	1	0.00%	-
Total direct transaction costs	<u>1,281</u>	0.00%	<u>520</u>
Gross purchases total	<u>36,297,554</u>		<u>36,273,604</u>
Analysis of total sale costs			
SALES			
Collective Investment Schemes	21,298,088		15,929,353
Investment Trusts	1,389,956		2,033,343
Gross sales before direct transaction costs	<u>22,688,044</u>		<u>17,962,696</u>
		% of total	% of total
		sales	sales
DIRECT TRANSACTION COSTS			
Investment Trusts	(1,971)	0.01%	(2,418)
Total direct transaction costs	<u>(1,971)</u>	0.01%	<u>(2,418)</u>
Net sales total	<u>22,686,073</u>		<u>17,960,278</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2017

13. Transaction costs (continued)**(a) Direct transaction costs (continued)**

	31.03.17		30.03.16	
	% of		% of	
	£	average NAV	£	average NAV
Analysis of total direct transaction costs				
Equities	242	0.00%	-	0.00%
Exchange Traded Funds	1,038	0.00%	520	0.00%
Investment Trusts	1,972	0.01%	2,418	0.01%
Total direct transaction costs	3,252	0.01%	2,938	0.01%

(b) Average portfolio dealing spread

The average portfolio dealing spread of the investments at the balance sheet date was 0.28% (31 March 2016: 0.27%). This is calculated as the difference between the offer and bid value of the portfolio as a percentage of the offer value.

14. Capital commitments and contingent liabilities

The Fund had no capital commitments or contingent liabilities at the balance sheet date (31 March 2016: £nil).

15. Post balance sheet events

Subsequent to the year-end, the net asset value per unit for the Retail Accumulation unit class has increased from 69.95p to 72.20p as at 26 June 2017. This movement takes into account routine transactions but also reflects the market movements of recent months. There are no post balance sheet events which require adjustments at the year-end.

DISTRIBUTION TABLEFor the year ended 31 March 2017

Interim Distribution (30 June 2016)

Group 1 - Units purchased on or prior to 31 March 2016

Group 2 - Units purchased after 31 March 2016

Units	Revenue	Equalisation¹	Paid/Accumulated	Paid/Accumulated
			31.08.16	31.08.15
	(pence)	(pence)	(pence)	(pence)
Institutional Income				
Group 1	0.1580	-	0.1580	0.2449
Group 2	0.0379	0.1201	0.1580	0.2449
Retail Income				
Group 1	0.1472	-	0.1472	0.2314
Group 2	0.0147	0.1325	0.1472	0.2314
Institutional Accumulation				
Group 1	0.1931	-	0.1931	0.2989
Group 2	0.0374	0.1557	0.1931	0.2989
Retail Accumulation				
Group 1	0.1823	-	0.1823	0.2832
Group 2	0.1180	0.0643	0.1823	0.2832

Interim Distribution (30 September 2016)

Group 1 - Units purchased on or prior to 30 June 2016

Group 2 - Units purchased after 30 June 2016

Units	Revenue	Equalisation¹	Paid/Accumulated	Paid/Accumulated
			30.11.16	30.11.15
	(pence)	(pence)	(pence)	(pence)
Institutional Income				
Group 1	0.2952	-	0.2952	0.2678
Group 2	0.2878	0.0074	0.2952	0.2678
Retail Income				
Group 1	0.2712	-	0.2712	0.2493
Group 2	0.0366	0.2346	0.2712	0.2493
Institutional Accumulation				
Group 1	0.3705	-	0.3705	0.3302
Group 2	0.0980	0.2725	0.3705	0.3302
Retail Accumulation				
Group 1	0.3426	-	0.3426	0.3086
Group 2	0.0726	0.2700	0.3426	0.3086

¹ Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

DISTRIBUTION TABLE (CONTINUED)

For the year ended 31 March 2017

Interim Distribution (31 December 2016)

Group 1 - Units purchased on or prior to 30 September 2016

Group 2 - Units purchased after 30 September 2016

Units	Revenue	Equalisation ¹	Paid/Accumulated	Paid/Accumulated
	(pence)	(pence)	28.02.17 (pence)	29.02.16 (pence)
Institutional Income				
Group 1	0.2293	-	0.2293	0.2188
Group 2	0.0776	0.1517	0.2293	0.2188
Retail Income				
Group 1	0.2107	-	0.2107	0.2107
Group 2	0.0236	0.1871	0.2107	0.2107
Institutional Accumulation				
Group 1	0.2893	-	0.2893	0.2524
Group 2	0.0041	0.2852	0.2893	0.2524
Retail Accumulation				
Group 1	0.2669	-	0.2669	0.2550
Group 2	0.0379	0.2290	0.2669	0.2550

Final Distribution (31 March 2017)

Group 1 - Units purchased on or prior to 31 December 2016

Group 2 - Units purchased after 31 December 2016

Units	Revenue	Equalisation ¹	Paid/Accumulated	Paid/Accumulated
	(pence)	(pence)	31.05.17 (pence)	31.05.16 (pence)
Institutional Income				
Group 1	0.2497	-	0.2497	0.2507
Group 2	0.0639	0.1858	0.2497	0.2507
Retail Income				
Group 1	0.2307	-	0.2307	0.2702
Group 2	0.0371	0.1936	0.2307	0.2702
Institutional Accumulation				
Group 1	0.3001	-	0.3001	0.2935
Group 2	0.0050	0.2951	0.3001	0.2935
Retail Accumulation				
Group 1	0.2962	-	0.2962	0.3012
Group 2	0.0702	0.2260	0.2962	0.3012

¹ Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

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