



T.BAILEY

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T. Bailey Growth 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 14 and ‘Directory’ on page 35.*



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## THE AUTHORISED FUND MANAGER

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The Authorised Fund Manager (the 'Manager') of the T. Bailey Growth Fund (the 'Fund' or 'TBGF') 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 Dynamic 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](http://www.tbaileyam.co.uk).

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## YOUR INVESTMENTS

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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](http://www.tbaileyfs.co.uk/funds/t-bailey-funds).

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

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

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## RISK PROFILE

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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 (via collective investment schemes), with some regions 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.

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.

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## SYNTHETIC RISK AND REWARD INDICATOR

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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 5 because it invests in UK and overseas shares and the unit price has experienced high rises and falls in value in the past.

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## OTHER INFORMATION

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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](http://www.tbaileyfs.co.uk/funds/t-bailey-funds).

The Key Investor Information documents and Supplementary Information document are also available on the website: [www.tbaileyfs.co.uk/funds/t-bailey-funds](http://www.tbaileyfs.co.uk/funds/t-bailey-funds).

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## **AUTHORISED STATUS**

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The Fund is governed by a Trust Deed made between the Manager and the Trustee dated 4 November 1999 as amended by Supplemental Trust Deeds made between the same parties dated 29 November 2002, 15 September 2004, 22 November 2006, 10 January 2011, 21 October 2011, 23 August 2012 and 17 March 2016. The Fund is an authorised unit trust scheme and is a UCITS scheme as defined in the Glossary of the FCA's Handbook. The effective date of the authorisation order made by the FCA was 11 November 1999. Holders of units in the Fund are not liable for the debts of the Scheme. The base currency of the Fund is pounds Sterling.

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## **INVESTMENT OBJECTIVE AND POLICY**

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The aim of the T. Bailey Growth Fund is to provide capital growth over the medium-to-long term and to outperform the IA Global Sector average over rolling three-year periods.

The assets of the Fund will predominantly be invested in equities, largely through underlying Regulated Collective Investment Schemes which are themselves invested in UK and international equity markets.

The Fund will invest largely in UK and global equity funds in order to achieve its objective and typically the Investment Manager anticipates at least 80% of the Fund to be invested in this way. The remaining part of the portfolio (typically not more than 20%) may be invested in other assets as permitted by the FCA's Collective Investments Scheme Sourcebook (the 'COLL' or the 'Sourcebook') in order to achieve its objective. These assets will include transferable securities, warrants and partly paid securities, money market instruments and deposits, as well as collective investment schemes.

It should be noted that whilst the underlying funds may have a geographical focus the Investment Managers of those funds may choose from time to time to allocate parts of their funds to a different region (provided such action is in line with the investment powers afforded to the Investment Managers of those funds).

The Fund expects to use a range of different Investment Managers in order to provide a diversity of style and to protect against possible periods of poor performance by any one Investment Manager.

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

Cash and near cash are held as necessary to enable redemption of units, efficient management within the scheme objectives, and other ancillary purposes. Apart from cash held for these purposes, or within the underlying funds, the Fund will normally be fully invested.

However, as the Scheme is in the IA Global Sector (Funds which invest at least 80% of their assets in equities), the Scheme has the ability to hold up to 20% of Scheme property in cash and near cash if the Manager reasonably believes there is a severe risk of significant falls in the major markets in which the underlying collective investment schemes invest.

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## **ONGOING CHARGES FIGURE**

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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 17 and 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.*

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## REMUNERATION POLICY OF THE AUTHORISED FUND MANAGER

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### 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.

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**REMUNERATION POLICY OF THE AUTHORISED FUND MANAGER (CONTINUED)**

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

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

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

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

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

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



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## STATEMENT OF THE AUTHORISED FUND MANAGER'S RESPONSIBILITIES

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The Authorised Fund Manager (the 'Manager') of the Fund is responsible for preparing the report and the financial statements in accordance with the Financial Conduct Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Scheme's Trust Deed.

COLL requires 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 United Kingdom 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 Scheme and enable it 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 Scheme and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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## DIRECTORS' STATEMENT

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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**

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## STATEMENT OF TRUSTEE'S RESPONSIBILITIES

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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 Schemes cash flows are properly monitored (this requirement on the Depositary 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 Regulations;
- the value of units of the Scheme are carried out 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.

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

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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**

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## REPORT OF THE INDEPENDENT AUDITOR TO THE UNITHOLDERS OF T. BAILEY GROWTH FUND

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We have audited the financial statements of T. Bailey Growth 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 expense 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.

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**REPORT OF THE INDEPENDENT AUDITOR TO THE UNITHOLDERS OF T. BAILEY GROWTH FUND  
(CONTINUED)**

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**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**

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## INVESTMENT REVIEW

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### Performance

Cumulative returns for the periods ended 31 March 2017 (%)				
	1 year	3 years	5 years	
TBGF – Institutional units	22.62	48.14	80.63	
TBGF – Retail units	21.51	44.18	73.15	
IA Global Sector Average (TR)	28.56	43.23	75.76	

Discrete returns for the 12 month periods ended 31 March (%)					
	2017	2016	2015	2014	2013
TBGF - Institutional units	22.62	0.65	20.04	2.99	18.39
TBGF - Retail units	21.51	(0.25)	18.95	2.20	17.51
IA Global Sector Average (TR)	28.56	(3.36)	15.29	7.07	14.60

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 narrative and drivers of market returns have varied considerably through that time. For Sterling based investors in global financial markets, a notable proportion of the returns of 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 Growth Fund invests the majority of its assets globally to enable access to a diverse set of alternative growth opportunities. 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 Growth Fund benefited from maintaining sizeable exposure to these areas.

On a sectoral basis, the more cyclical areas of global equity markets have been the best performers over the 12-month period, particularly as greater stability in the oil price has helped improve investor confidence.

## INVESTMENT REVIEW (CONTINUED)

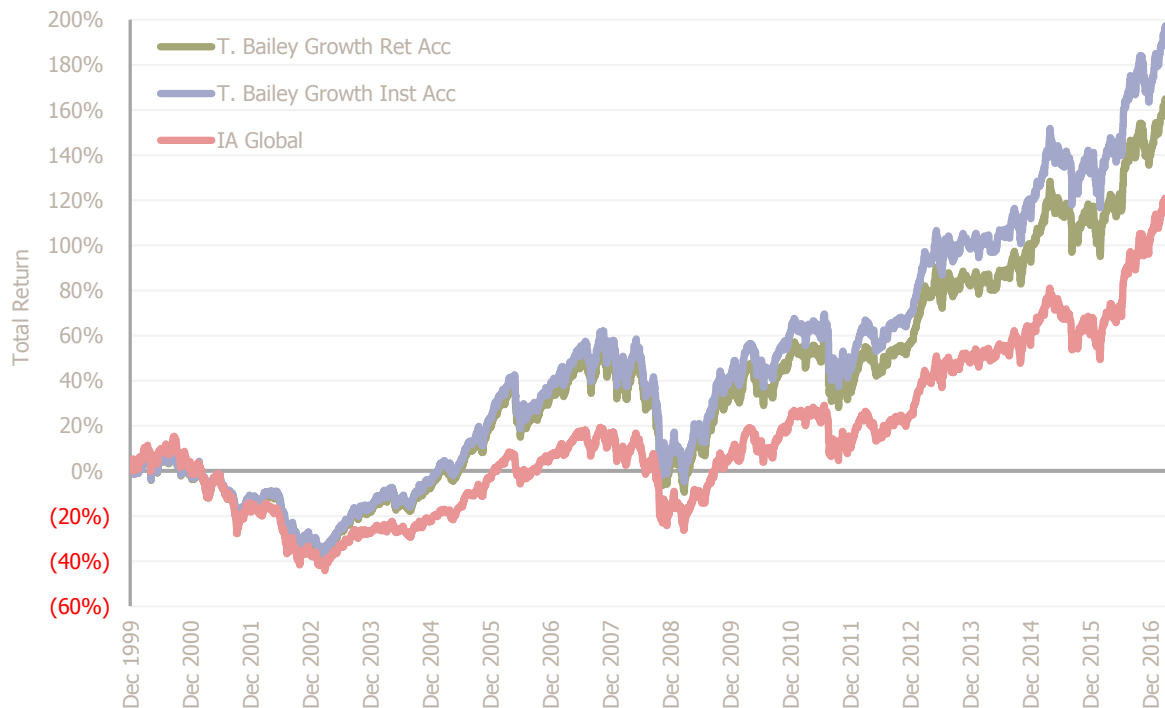
Region (Equities)	Index	6 months ended 31 March 2017 (%)	12 months ended 31 March 2017 (%)
United Kingdom	IA UK All Companies	8.41	17.95
United States	IA North America	14.80	33.20
Europe ex. UK	IA Europe ex. UK	11.47	23.72
Japan	IA Japan	8.72	32.37
Pacific Basin ex. Japan	IA Asia Pacific ex. Japan	10.49	35.08
Emerging Markets	IA Global Emerging Markets	11.06	35.27

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

### Benchmark

We show the performance since launch of the T. Bailey Growth Fund against its benchmark, the IA Global sector average, below.

### Performance Since Launch



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

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.

## INVESTMENT REVIEW (CONTINUED)

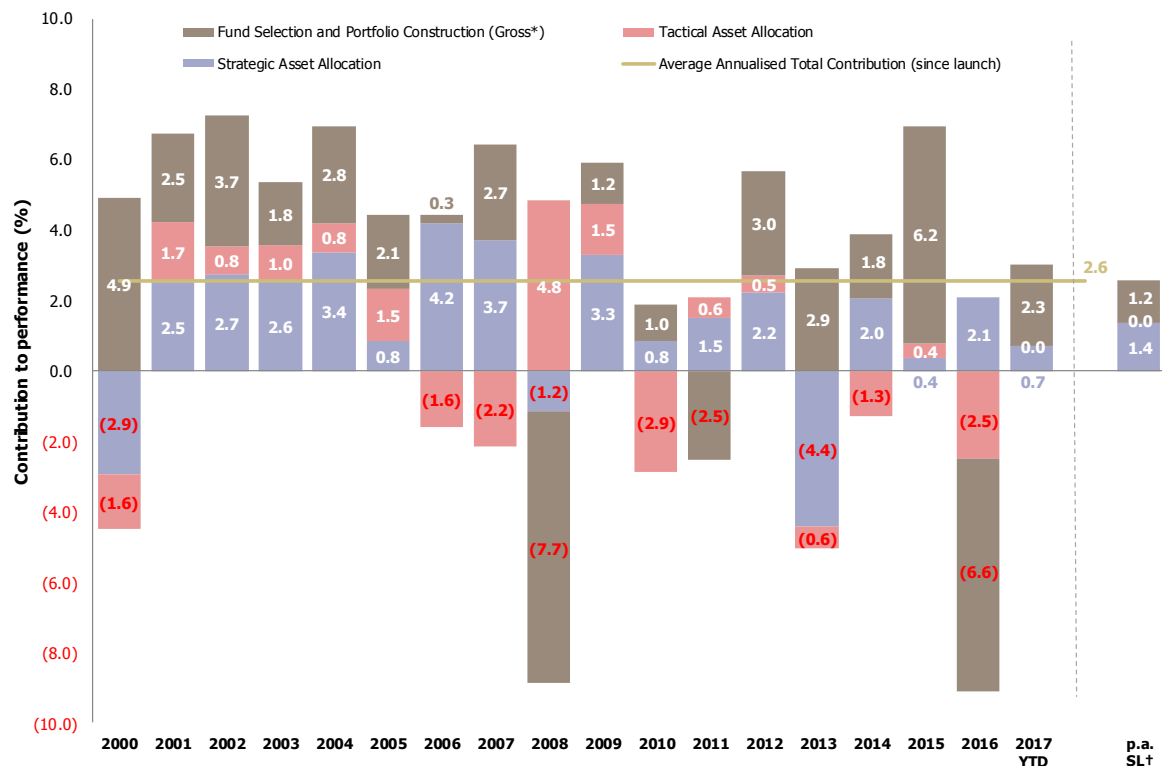
Below we show the calendar year performance of the T. Bailey Growth Fund against its benchmark, the IA Global sector average, and the contribution to this performance made by each part of our investment process. (For the purpose of this analysis these figures are provided gross of the annual management charge, but include the fees associated to the underlying investments):

- Strategic Asset Allocation (SAA) i.e. choosing a longer-term allocation for an exposure to global equities;
- Tactical Asset Allocation (TAA) i.e. short term movements around the Strategic Asset Allocation; and,
- Fund Selection (FS) i.e. the actual choosing of funds and managers we are backing.

These figures indicate that through the current calendar year to date Fund Selection has been the primary driver of returns adding 2.3%. This follows a difficult calendar year for Fund Selection which, while delivering respectable results in absolute returns, relative performance lagged the strength of the wider market. Strategic Asset Allocation added value in 2016 and has continued to be a driver of returns in 2017 adding 0.7% to the date of the report.

In aggregate since the launch of the T. Bailey Growth Fund to 31 March 2017, Strategic Asset Allocation has provided 1.4% per annum in excess of the mean returns of the peer group. Fund Selection has contributed 1.2% per annum to performance, while the least consistent and least rewarding of the three components in straight performance terms has been Tactical Asset Allocation.

### Calendar Year Performance Attribution



Source: T. Bailey, Financial Express. For the T. Bailey Growth Fund. Total return, Sterling terms.

\* Includes the charges of the underlying sub funds but excludes the annual management charge for the T. Bailey Growth Fund.

† Performance annualised since launch on 13 December 1999 versus that of the IA Global Sector Average.

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.

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## INVESTMENT REVIEW (CONTINUED)

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### Strategic Asset Allocation

Those familiar with the investment process we adopt for the T. Bailey Growth Fund will recognise that our first step is to set out a Strategic Asset Allocation for the Fund. This is an allocation to global assets that we review every three years to take into account changing economic, investment and geopolitical circumstances in order that we do not lose sight of longer-term trends. The SAA has provided a bedrock of performance for the fund over the longer-term, outperforming the fund's benchmark, the IA Global sector mean by 1.4% per annum on average since launch.

In the table below we show the changes made to this positioning since the launch of the T. Bailey Growth Fund.

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**History of Strategic Asset Allocation weightings for the T. Bailey Growth Fund**

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Equity Market Region	SAA 1	SAA 2	SAA 3	SAA 4	SAA 5	SAA 6
	13 Dec 99 To 31 Jan 03 (%)	1 Feb 03 to 31 Mar 06 (%)	1 Apr 06 to 31 Mar 09 (%)	1 Apr 09 to 31 Mar 12 (%)	1 Apr 12 to 31 Mar 15 (%)	1 Apr 15 to Present (%)
United Kingdom	50.0	50.0	40.0	25.0	10.0	10.0
United States	17.5	20.0	15.0	25.0	25.0	20.0
Europe (ex. UK)	17.5	10.0	15.0	15.0	10.0	10.0
Japan	10.0	5.0	7.5	7.5	5.0	12.0
Pacific Basin (ex. Japan)	5.0	5.0	7.5	10.0	10.0	15.0
Emerging Markets	-	10.0	15.0	17.5	20.0	5.0
Global Thematic	-	-	-	-	20.0	26.0
Cash	-	-	-	-	-	2.0
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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Source: T. Bailey.

The most recent update of the SAA was implemented on 1 April 2015.

### Tactical Asset Allocation

Tactical Asset Allocation is perhaps the most difficult part of our investment process from which we believe we can add value. This is demonstrated by the flat contribution to return we have achieved from this component of our investment process since the launch of the Fund. In addition, in straight performance terms, consistency has been lacking here compared with the other components of our investment process.

Accordingly, we take a very measured approach to Tactical Asset Allocation, using it as a mechanism to act on countering identified potential risks to the portfolio more than to seek additional short-term growth opportunities.

Through the period we have continued to reduce the weight of North American equities in the portfolio, culminating in the sale of the last fund with a specific mandate for the region, the Janus US Venture Fund. However, we continue to retain meaningful exposure to the region through global, thematically orientated funds. These often have a significant bias to US centric themes, such as healthcare, technology and infrastructure. We consider these more targeted allocations appropriate for longer-term structural growth reasons.



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## INVESTMENT REVIEW (CONTINUED)

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The asset allocations at the period end are shown below:

Sector	Asset allocation as at 31 March 2017 (%)	Asset allocation as at 31 March 2016 (%)
Emerging Market Equities	4.4	3.9
Europe (ex. UK) Equities	8.4	16.3
Global and Thematic Equities	39.7	29.8
Japan Equities	14.6	14.8
Pacific Basin (ex. Japan) Equities	15.8	17.6
UK Equities	13.3	13.0
United States	-	2.2
Cash and Other	3.8	2.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The full list of holdings at the period end is shown in the Portfolio Statement on pages 15 and 16.

### Fund Selection

During the period we introduced a position in the First State Global Listed Infrastructure Fund. This is a thematic fund recognising the significant level of under investment in infrastructure assets across much of the developed as well as the developing world. Furthermore, recent political narratives suggest a greater role for fiscal expansion relative to the monetary policy efforts of recent years. Infrastructure could prove to be a major candidate for such spending.

We also introduced the Wood Street Microcap Investment Fund recognising the better investment opportunities that reside in equities with smaller market capitalisations. Whilst potentially volatile, these are also often less economically sensitive over the longer-term being more driven by the individual company's opportunities and aspirations.

After selling out of the CF Miton UK Value Opportunities Fund early in the period on the announcement that the incumbent management team was departing, we have since followed them to their appointment at the helm of the Polar Capital UK Value Opportunities Fund.

At the end of the period we identified an interesting, well constructed passive fund that invests in robotics. This replaced an active manager we were using to access the same theme but for whom success had brought in a sizeable level of assets to manage and as a result we became concerned of potential style drift.

The portfolio at the period-end consisted of 25 holdings which, alongside cash, resulted in an average holding size of just below 4%. This is typical of our investment approach over the longer-term. We look for each holding to add a different characteristic to the portfolio that, in combination with our chosen asset allocation, can assist the portfolio overall in delivering strong risk adjusted returns.

An obvious differentiator between funds is their geographic focus, but in addition, market capitalisation, sector exposure and management style are amongst the other broad factors that we consider to construct a diverse but effective growth portfolio. Overriding our choices however are a handful of traits that, in addition to the obvious necessary skill and expertise required by managers, help single-out the better opportunities amongst the thousands of funds available to us:

- The interests of the underlying manager must be aligned with those of their investors.
- The underlying fund manager should be rewarded by the performance their fund generates rather than the assets they can accumulate through marketing activities.
- The investment approach taken should not be constrained by inappropriate biases or labels that are not in the long-term interests of investors.

In aggregate, the longer-term results of this approach have been compelling with Fund Selection adding 1.2% per annum since launch and after all the ongoing charges of these funds are taken into account.

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## **INVESTMENT REVIEW (CONTINUED)**

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### **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**

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**PORTFOLIO STATEMENT**As at 31 March 2017

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<b>Holding or nominal value of positions</b>	<b>Bid market value £</b>	<b>Percentage of total net assets %</b>
<b>Emerging Market Equities</b> <b>(4.4%; 31.03.16 - 3.9%)</b>		
5,336,485 MI Somerset Emerging Markets Dividend Growth	8,799,330	4.4
	<b>8,799,330</b>	<b>4.4</b>
<b>Europe (ex. UK) Equities</b> <b>(8.4%; 31.03.16 - 16.3%)</b>		
233,471 Baring Europe Select	8,397,948	4.2
5,554 Mandarine Unique Mid & Small Caps Europe	8,291,146	4.2
	<b>16,689,094</b>	<b>8.4</b>
<b>Global and Thematic Equities</b> <b>(39.7%; 31.03.16 - 29.8%)</b>		
811,314 Baillie Gifford Global Discovery	8,291,632	4.2
2,651,609 First State Global Listed Infrastructure	7,059,645	3.6
1,530,331 IP Group*	2,398,029	1.2
3,965,334 Lazard Global Active Global Listed Infrastructure Equity	6,775,962	3.4
32,554 Pictet Digital Communication	8,151,566	4.1
52,487 Pictet Security	9,104,995	4.6
1,406,904 Polar Capital Global Insurance	8,192,120	4.1
282,232 Polar Capital Healthcare Opportunities	8,622,199	4.4
59,558 Robeco SAM Smart Materials	8,931,873	4.5
847,210 Robo Global Robotics and Automation**	8,383,143	4.2
898,483 Touchstone Innovations*	2,785,297	1.4
	<b>78,696,461</b>	<b>39.7</b>
<b>Japan Equities</b> <b>(14.6%; 31.03.16 - 14.8%)</b>		
292,392 Baillie Gifford Japanese Smaller Companies	10,403,308	5.2
924,290 Coupland Cardiff Japan Alpha	8,951,288	4.5
4,599,346 JPM Japan	9,640,229	4.9
	<b>28,994,825</b>	<b>14.6</b>

**PORTFOLIO STATEMENT (CONTINUED)**

As at 31 March 2017

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
<b>Pacific Basin (ex. Japan) Equities</b>		
<b>(15.8%; 31.03.16 - 17.6%)</b>		
192,599 Fidelity Asian Smaller Companies	5,119,279	2.6
3,341,123 Hermes Asia ex Japan Equity	7,702,960	3.9
367,692 Matthews Asia India	6,780,244	3.4
87,078 Prusik Asian Equity Income	11,731,102	5.9
	<b>31,333,585</b>	<b>15.8</b>
<b>UK Equities</b>		
<b>(13.3%; 31.03.16 - 13.0%)</b>		
6,062,459 Man GLG Undervalued Assets	8,287,381	4.2
404,119 Polar Capital UK Absolute Equity	6,118,363	3.1
600,000 Polar Capital UK Value Opportunities	6,270,000	3.2
4,295,222 Wood Street Microcap Investment	5,583,359	2.8
	<b>26,259,103</b>	<b>13.3</b>
<b>Portfolio of investments</b>	<b>190,772,398</b>	<b>96.2</b>
<b>Net other assets</b>	<b>7,468,516</b>	<b>3.8</b>
<b>Total net assets</b>	<b>198,240,914</b>	<b>100.0</b>

Asset Class	Asset class allocation as at 31 March 2017 (%)	Asset class allocation as at 31 March 2016 (%)
Collective Investment Schemes	89.4	92.4
Investment Trusts	-	1.8
Equities	2.6	3.4
ETF	4.2	-
Cash and Other	3.8	2.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

\* Denotes holdings in equities listed on recognised stock exchanges.

\*\* Denotes holdings in exchange traded funds (ETFs) listed on recognised stock exchanges.

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

'United States' sector disinvested since the beginning of the period (31 March 2016: 2.2%).

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## SUMMARY OF FUND PERFORMANCE

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<b>Institutional Accumulation Units</b>	<b>1 Apr 2016 to 31 Mar 2017</b>	<b>1 Apr 2015 to 31 Mar 2016</b>	<b>1 Apr 2014 to 31 Mar 2015</b>
	(pence per unit)	(pence per unit)	(pence per unit)
<b>Change in net assets per unit</b>			
Opening net asset value per unit	121.17	120.49	101.03
Return before operating charges*	27.33	1.49	20.21
Operating charges	(0.90)	(0.81)	(0.75)
Return after operating charges*	26.43	0.68	19.46
Distributions	0.00	0.00	(0.28)
Retained distributions on accumulation units	0.00	0.00	0.28
Closing net asset value per unit	147.60	121.17	120.49
* after direct transaction costs of:	0.00	0.01	0.01
<b>Performance</b>			
Return after charges	21.81%	0.56%	19.26%
<b>Other information</b>			
Closing net asset value	£162,873,168	£125,332,763	£107,133,504
Closing number of units	110,349,230	103,439,191	88,913,840
Operating charges (p.a.)	1.62%	1.62%	1.66%
Direct transaction costs (p.a.)	0.00%	0.01%	0.01%
<b>Prices</b>			
Highest published unit price	148.67	125.89	121.05
Lowest published unit price	118.45	108.34	98.43

*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.*

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**SUMMARY OF FUND PERFORMANCE (CONTINUED)**


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<b>Retail Accumulation Units</b>	<b>1 Apr 2016 to 31 Mar 2017</b>	<b>1 Apr 2015 to 31 Mar 2016</b>	<b>1 Apr 2014 to 31 Mar 2015</b>
	(pence per unit)	(pence per unit)	(pence per unit)
<b>Change in net assets per unit</b>			
Opening net asset value per unit	122.71	123.14	104.19
Return before operating charges*	27.53	1.47	20.70
Operating charges	(2.11)	(1.90)	(1.75)
Return after operating charges*	25.42	(0.43)	18.95
Distributions	0.00	0.00	0.00
Retained distributions on accumulation units	0.00	0.00	0.00
Closing net asset value per unit	148.13	122.71	123.14
* after direct transaction costs of:	0.00	0.01	0.01
<b>Performance</b>			
Return after charges	20.72%	(0.35)%	18.19%
<b>Other information</b>			
Closing net asset value	£35,367,746	£53,334,644	£71,920,427
Closing number of units	23,875,669	43,462,469	58,405,177
Operating charges (p.a.)	2.52%	2.52%	2.56%
Direct transaction costs (p.a.)	0.00%	0.01%	0.01%
<b>Prices</b>			
Highest published unit price	149.27	128.62	123.73
Lowest published unit price	119.82	109.85	101.40

*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.*

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**STATEMENT OF TOTAL RETURN**For the year ended 31 March 2017

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			31.03.17	30.03.16
	Notes	£	£	£
Income				
Net capital gains	2		37,876,472	1,548,078
Revenue	3	1,157,450		893,476
Expenses	4	(1,676,351)		(1,741,457)
Interest payable and similar charges	6	(945)		(799)
Net expense before taxation		(519,846)		(848,780)
Taxation	5	-		-
Net expense after taxation			(519,846)	(848,780)
<b>Total return before distributions</b>			<b>37,356,626</b>	<b>699,298</b>
Distributions	6		(587)	726
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>37,356,039</b>	<b>700,024</b>

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**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**For the year ended 31 March 2017

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			31.03.17	30.03.16
		£	£	£
<b>Opening net assets attributable to unitholders</b>			<b>178,667,407</b>	<b>179,053,931</b>
<i>Movements due to sales and repurchases of units:</i>				
Amounts receivable on issue of units		17,121,947		22,603,322
Amounts payable on cancellation of units		(34,904,479)		(23,689,870)
			(17,782,532)	(1,086,548)
Change in net assets attributable to unitholders from investment activities			37,356,039	700,024
<b>Closing net assets attributable to unitholders</b>			<b>198,240,914</b>	<b>178,667,407</b>

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**BALANCE SHEET**  
As at 31 March 2017

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	Notes	31.03.17 £	31.03.16 £
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		190,772,398	174,363,718
<b>Current assets:</b>			
Debtors	7	4,437,028	153,069
Cash and bank balances	8	<u>7,310,942</u>	<u>4,567,270</u>
<b>Total assets</b>		<b><u>202,520,368</u></b>	<b><u>179,084,057</u></b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Other creditors	9	<u>4,279,454</u>	<u>416,650</u>
<b>Total liabilities</b>		<b><u>4,279,454</u></b>	<b><u>416,650</u></b>
<b>Net assets attributable to unitholders</b>		<b><u>198,240,914</u></b>	<b><u>178,667,407</u></b>



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## NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2017

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### 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 (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, except those relating to the purchase and sale of investments 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.

#### (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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

As at 31 March 2017

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**1. Accounting policies (continued)****(i) Distribution policy**

Revenue produced by the Fund's investments accrues annually. At the end of each year, the revenue, less the expenses allocated to the revenue account, is 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.

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

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**2. Net capital gains**

	<b>31.03.17</b>	<b>31.03.16</b>
	£	£
Non-derivative securities	35,579,173	604,237
Currency gains	2,285,620	936,318
Transaction charges	(263)	(460)
Capital management fee rebates	11,942	7,983
<b>Net capital gains</b>	<b>37,876,472</b>	<b>1,548,078</b>

**3. Revenue**

	<b>31.03.17</b>	<b>31.03.16</b>
	£	£
UK franked distributions	1,138,470	552,566
UK franked dividends	5,594	-
Overseas dividends	-	334,505
Bank interest	1,874	-
Income management fee rebates	11,640	8,643
Unfranked income currency losses	(128)	(2,238)
<b>Total revenue</b>	<b>1,157,450</b>	<b>893,476</b>

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

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**4. Expenses**

	<b>31.03.17</b>	<b>31.03.16</b>
	£	£
<b>Payable to the Manager, associates of the Manager and agents of either:</b>		
Annual management charge	1,545,554	1,594,171
Registration fees	38,219	51,032
Administration fees	11,855	20,503
	<u>1,595,628</u>	<u>1,665,706</u>
<b>Payable to the Trustee, associates of the Trustee and agents of either:</b>		
Trustee's fees	66,475	62,477
Safe custody fees	4,632	4,201
	<u>71,107</u>	<u>66,678</u>
<b>Other expenses:</b>		
Audit fee	6,480	6,480
Tax fee	2,280	2,280
FCA fee	241	313
Other expenses	615	-
	<u>9,616</u>	<u>9,073</u>
<b>Total expenses</b>	<u><b>1,676,351</b></u>	<u><b>1,741,457</b></u>
	<b>31.03.17</b>	<b>31.03.16</b>
	£	£
<b>Fees payable to the Fund Auditor for the audit of the Fund's annual accounts:</b>		
Total audit fee	<u><b>6,480</b></u>	<u><b>6,480</b></u>
Total non audit fees - Tax compliance services	<u><b>2,280</b></u>	<u><b>2,280</b></u>

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

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

	<b>31.03.17</b>	<b>31.03.16</b>
	<b>£</b>	<b>£</b>
<b>Analysis of charge in the year</b>		
Corporation tax	-	-
<b>Total current tax for the year (see note 5(b))</b>	<u>-</u>	<u>-</u>
Deferred tax (see note 5(c))	-	-
<b>Total taxation for the year</b>	<u>-</u>	<u>-</u>

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

	<b>31.03.17</b>	<b>31.03.16</b>
	<b>£</b>	<b>£</b>
Net expense before taxation	<u>(519,846)</u>	<u>(848,780)</u>
Corporation tax at 20%	(103,969)	(169,756)
<b>Effects of:</b>		
Revenue not subject to taxation	(228,813)	(177,414)
Capital management fees rebates	2,388	1,597
Excess expenses for which no relief taken	<u>330,394</u>	<u>345,573</u>
<b>Current tax charge for the year (see note 5(a))</b>	<u>-</u>	<u>-</u>

**(c) Provision for deferred tax**

At 31 March 2017, the Fund had surplus management expenses of £13,442,685 (31 March 2016: £11,790,717). The deferred tax in respect of this would be £2,688,537 (31 March 2016: £2,358,143). 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 the year end, or at the previous year end (see note 5(a)).

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

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**6. Distributions**

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

	<b>31.03.17</b>	<b>31.03.16</b>
	£	£
Final - Accumulation (31 March)	-	-
	-	-
Revenue deducted on cancellation of units	1,140	282
Revenue received on issue of units	(553)	(1,008)
<b>Net distribution for the year</b>	<b>587</b>	<b>(726)</b>
Interest	945	799
<b>Total finance costs</b>	<b>1,532</b>	<b>73</b>
<b>Reconciliation to net distribution for the year</b>		
Net expense after taxation for the year	(519,846)	(848,780)
Income currency (losses)/gains	(973)	3,938
Losses transferred to capital	521,406	844,116
<b>Net distribution for the year</b>	<b>587</b>	<b>(726)</b>

Details of the distributions per unit are set out in the distribution table on page 34.

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

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**7. Debtors**

	<b>31.03.17</b>	<b>31.03.16</b>
	£	£
Amounts receivable for issue of units	143,866	148,488
Sales awaiting settlement	4,285,463	-
Accrued revenue	592	-
Prepayments	1	3
Management fee rebates recoverable	7,106	4,578
<b>Total debtors</b>	<b>4,437,028</b>	<b>153,069</b>

**8. Cash and bank balances**

	<b>31.03.17</b>	<b>31.03.16</b>
	£	£
Cash and bank balances	7,310,942	4,567,270
<b>Total cash and bank balances</b>	<b>7,310,942</b>	<b>4,567,270</b>

**9. Creditors**

	<b>31.03.17</b>	<b>31.03.16</b>
	£	£
Amounts payable for cancellation of units	4,113,902	262,897
Accrued manager fees	146,061	133,405
Accrued registration fees	2,390	4,480
Accrued administration fees	1,088	1,009
Accrued trustee fees	6,401	5,361
Accrued custody fees	852	738
Accrued audit fees	6,480	6,480
Accrued tax fees	2,280	2,280
<b>Total creditors</b>	<b>4,279,454</b>	<b>416,650</b>

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

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**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 creation 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 268,316 units in the T. Bailey Growth 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 38.6% 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.

**11. Unit classes**

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

	<b>Institutional Accumulation</b>
Opening units at the start of the period	103,439,190.830
Total creation of units in the period	12,812,062.093
Total cancellation of units in the period	(5,902,022.837)
<b>Closing units at the end of the period</b>	<b>110,349,230.086</b>

	<b>Retail Accumulation</b>
Opening units at the start of the period	43,462,468.755
Total creation of units in the period	599,966.726
Total cancellation of units in the period	(20,186,766.226)
<b>Closing units at the end of the period</b>	<b>23,875,669.255</b>

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

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 17 and 18. The distributions per unit class are given in the distribution table on page 34. 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. Both classes have the same rights on winding up.



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

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**12. Risk management policies**

In pursuing its investment objectives, 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 regulated 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
Japanese Yen	-	8,951	8,951	-	8,171	8,171
US Dollar	5,064	11,731	16,795	-	8,736	8,736

There are no specific policies employed to 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: 13.0%, 31 March 2016: 9.5%)

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 £1,880,217 (31 March 2016: £1,536,987). 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 £2,298,043 (31 March 2016: £1,878,539). 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.

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

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**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:

	<b>Floating rate financial assets  £'000</b>	<b>Fixed rate financial assets  £'000</b>	<b>Financial assets not bearing interest  £'000</b>	<b>Floating rate financial liabilities  £'000</b>	<b>Financial liabilities not bearing interest  £'000</b>	<b>Total  £'000</b>
<b>31.03.17</b>						
Japanese Yen	-	-	8,951	-	-	8,951
Sterling	2,247	-	174,527	-	(4,279)	172,495
US Dollar	5,064	-	11,731	-	-	16,795
<b>31.03.16</b>						
Japanese Yen	-	-	8,171	-	-	8,171
Sterling	4,567	-	157,610	-	(417)	161,760
US Dollar	-	-	8,736	-	-	8,736

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.

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

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**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 either 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 £19,077,240 (31 March 2016: £17,436,372). 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	13,566,469	9,370,988
Prices of recent transactions for identical instruments	177,205,929	164,992,730
Valuation techniques using observable market data	-	-
Valuation techniques using non-observable data	-	-
	<u>190,772,398</u>	<u>174,363,718</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**

The Fund held no derivatives at the balance sheet date (31 March 2016: £nil).

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

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**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:

	<b>31.03.17</b>		<b>30.03.16</b>	
	<b>£</b>		<b>£</b>	
<b>Analysis of total purchase costs</b>				
<b>PURCHASES</b>				
Collective Investment Schemes	38,769,000		54,209,610	
Equities	-		2,688,502	
Exchange Traded Funds	8,399,998		-	
Investment Trusts	-		6,491,100	
Net purchases before direct transaction costs	<u>47,168,998</u>		<u>63,389,212</u>	
		<b>% of total</b>		
		<b>purchases</b>	<b>% of total</b>	
<b>DIRECT TRANSACTION COSTS</b>				
Equities	-	0.00%	5,673	0.01%
Total direct transaction costs	-	0.00%	5,673	0.01%
<b>Gross purchases total</b>	<u><b>47,168,998</b></u>		<u><b>63,394,885</b></u>	
<b>Analysis of total sale costs</b>				
<b>SALES</b>				
Collective Investment Schemes	65,972,436		65,413,172	
Investment Trusts	3,151,818		3,400,835	
Gross sales before direct transaction costs	<u>69,124,254</u>		<u>68,814,007</u>	
		<b>% of total</b>		
		<b>sales</b>	<b>% of total</b>	
<b>DIRECT TRANSACTION COSTS</b>				
Investment Trusts	(6,308)	0.01%	(6,804)	0.01%
Total direct transaction costs	(6,308)	0.01%	(6,804)	0.01%
<b>Net sales total</b>	<u><b>69,117,946</b></u>		<u><b>68,807,203</b></u>	

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

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

	<b>31.03.17</b>		<b>30.03.16</b>	
	<b>% of average</b>		<b>% of average</b>	
	<b>£</b>	<b>NAV</b>	<b>£</b>	<b>NAV</b>
<b>Analysis of total direct transaction costs</b>				
Equities	-	0.00%	5,673	0.00%
Investment Trusts	6,308	0.00%	6,804	0.01%
Total direct transaction costs	<b>6,308</b>	<b>0.00%</b>	<b>12,477</b>	<b>0.01%</b>

**(b) Average portfolio dealing spread**

The average portfolio dealing spread of the investments at the balance sheet date was 0.10% (31 March 2016: 0.12%). 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 of the Retail Accumulation unit class has increased from 148.13p to 156.32p 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.

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**DISTRIBUTION TABLE**For the year ended 31 March 2017

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**Final Distribution (31 March 2017)**

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

Group 2 - Units purchased after 31 March 2016

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<b>Units</b>	<b>Revenue</b>	<b>Equalisation<sup>1</sup></b>	<b>Paid/Acc -umulated 31.05.17</b>	<b>Paid/Acc -umulated 31.05.16</b>
	<b>(pence)</b>	<b>(pence)</b>	<b>(pence)</b>	<b>(pence)</b>
<b>Institutional Accumulation</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>Retail Accumulation</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-

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<sup>1</sup> 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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## DIRECTORY

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### Authorised Fund Manager

T. Bailey Fund Services Limited  
64 St. James's Street  
Nottingham NG1 6FJ

Tel: 0115 988 8200  
Fax: 0115 988 8222  
Dealing line: 0115 988 8213  
Website: [www.tbaileyfs.co.uk/funds/t-bailey-funds](http://www.tbaileyfs.co.uk/funds/t-bailey-funds)

Authorised and regulated by the Financial Conduct Authority.

### Directors of the Authorised Fund Manager

Mrs H C Stevens  
Mr R J Bonney  
Mr R J Taylor

### Investment Manager

T. Bailey Asset Management Limited  
64 St. James's Street  
Nottingham NG1 6FJ

Tel: 0115 988 8200  
Website: [www.tbaileyam.co.uk](http://www.tbaileyam.co.uk)

Authorised and regulated by the Financial Conduct Authority.

### Trustee

National Westminster Bank Plc  
Trustee & Depositary Services  
135 Bishopsgate  
London EC2M 3UR

Authorised and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

### Registrar and Unit Dealing

T. Bailey Fund Services Limited  
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Fax: 0115 988 8222  
Dealing Line: 0115 988 8213  
Website: [www.tbaileyfs.co.uk/funds/t-bailey-funds](http://www.tbaileyfs.co.uk/funds/t-bailey-funds)

Authorised and regulated by the Financial Conduct Authority.

### Auditors

Deloitte LLP  
4 Brindleyplace  
Birmingham B1 2HZ

Registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

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