



T.BAILEY

T. Bailey Dynamic Fund

Annual Report & Audited Financial Statements

For the year ended 31 March 2018

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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 10 to 12 and ‘Directory’ on page 37.

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 2017. 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 and audit fees. 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 16 to 19.

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.

REMUNERATION POLICY OF THE AUTHORISED FUND MANAGER (CONTINUED)

Total remuneration paid by the Manager for the year ended 30 September 2017

Total Number of Staff	34
	£'000
Fixed	1,152
Variable	58
Total Remuneration Paid	1,210

Total remuneration paid by the Manager to Remuneration Code Staff for the year ended 30 September 2017

	Senior Management	Staff with Material Impact
Total Number of Staff	8	1
	£'000	£'000
Fixed	643	36
Variable	36	2
Total Remuneration Paid	679	38

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

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 UK 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 and the net capital gains 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 13 July 2018.

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 for at least the next twelve months from the approval of the financial statements.

Helen Stevens
Chief Executive Officer
T. Bailey Fund Services Limited
Nottingham, United Kingdom
13 July 2018

Richard Taylor
Compliance Director
T. Bailey Fund Services Limited
Nottingham, United Kingdom
13 July 2018

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 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, United Kingdom
13 July 2018

Report on the audit of the financial statements**Opinion**

In our opinion the financial statements:

- give a true and fair view of the financial position of the company as at 31 March 2018 and of the net revenues and the net capital gains on the property of the company for the year ended 31 March 2018; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Trust Deed.

We have audited the financial statements of T. Bailey Dynamic Fund (the 'Fund') which comprise for each sub-fund:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the distribution tables; and
- the related individual notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014, the Collective Investment Schemes Sourcebook and the Trust Deed.

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the authorised corporate director's (ACD's) use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the ACD has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

Other information

The ACD is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of depositary and ACD

As explained more fully in the depositary's responsibilities statement and the ACD's responsibilities statement, the depositary is responsible for the safeguarding the property of the company and the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's shareholders, 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 company's shareholders 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 company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the company 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 given in the ACD's report for the year ended 31 March 2018 is consistent with the financial statements.

**Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
13 July 2018**

INVESTMENT REVIEW

Performance

	Cumulative returns for the periods ended 31 March 2018 (%)				
	1 year	3 years	5 years		
TBDYF – Institutional units ¹	4.22	16.88	35.58		
TBDYF – Retail units ¹	3.29	13.78	29.75		
UK Inflation +3% per annum ²	5.51	15.10	24.08		
CPI+3%	0.83	11.04	24.96		

	Discrete returns for the 12 month periods ended 31 March (%)				
	2018	2017	2016	2015	2014
TBDYF - Institutional units ¹	4.22	13.32	(1.03)	10.83	4.66
TBDYF - Retail units ¹	3.29	12.31	(1.92)	9.82	3.84
UK Inflation +3% per annum ²	5.51	5.36	3.54	2.99	4.67
IA Mixed Investment 20%-60% Shares Sector Mean	0.83	12.90	(2.46)	8.58	3.64

¹ Performance based on Income units.

² UK Inflation as measured by CPI.

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.

The T. Bailey Dynamic Fund (Institutional Units) returned 4.2% over the year to 31 March 2018. This compares well in the context of the Fund's peer group as well as the returns typically achieved across asset classes. Nonetheless, this short-term return was below the longer-term objective of the fund which is to achieve UK Inflation +3% per annum which registered an appreciation of 5.5% over the period.

When considering short time periods, such as a single year, the Fund's objective may not seem particularly aspirational. However, the relentless compound growth of the objective, even in the low inflation environment of recent years, has resulted in a very meaningful performance target as demonstrated in the performance tables above. Coincidentally, the Investment Association's Mixed Investment 20%-60% Shares sector has, on average, achieved a similar level of return to the Fund's objective over the last 5 years. It also serves to demonstrate that meaningful investment risks are necessary to achieve such returns.

Our decision to make UK Inflation +3% per annum the performance objective of the Fund back in 2015 was founded in a desire to create a measure relevant to investors: to preserve and grow their capital in real terms (i.e. in excess of inflation).

INVESTMENT REVIEW (CONTINUED)

But having such a clear objective also helps to direct the construction of the Fund's portfolio of investments much more readily than reference to what might or might not be achieved by a somewhat arbitrary collection of peers.

Fortunately, the T. Bailey Dynamic Fund has compared favourably against both objectives over recent years.

Asset Class	Index/Sector	1 year ended	3 years ended
		31 March 2018	31 March 2018
		(%)	(%)
UK Equities	IA UK All Companies	2.65	18.16
Global Equities	IA Global	2.66	27.54
Emerging Equities	IA Global Emerging Markets	8.50	33.27
Corporate Bonds	IA Sterling Corporate Bond	1.70	9.59
Index Linked Gilts	IA UK Index-Linked Gilts	(0.03)	21.72
Gilts	IA Gilts	0.55	10.41
Property	IA Property	2.43	12.38

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

Global equity markets provided modest positive returns with low volatility over much of the period. The US market, which represents around a half of global equities when measured by market capitalisation (rather than number of companies), was somewhat disappointing for UK based investors.

Broader-based exposure to companies across the globe and a more equally weighted approach to market capitalisation through geographic and thematic holdings contributed positively to the return of the Fund.

The translational effect of Sterling strength against the US Dollar over the period weighed on the reported valuation of US equities. This effect was softened by the US Dollar to Sterling currency forwards held by the portfolio over the period.

Volatility in financial markets has made a reappearance in the first quarter of 2018, taking many by surprise. For a brief period the falls in mainstream equity indices approached 10% from their peaks before steadily recovering much of the lost ground.

However, the diverse nature of the Fund's portfolio provides some defence in such times. At the period-end the portfolio consisted of 41 holdings, not including cash and forward foreign exchange contracts, which equates to an average holding size of just over 2.2%. The shorter-term, tactical exposure to cash and holding secondary share issues of existing names has seen this average size fall over the period, but nonetheless this remains broadly typical of our investment approach over the longer-term. We look for a diverse collection of holdings, each of which being able 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.

INVESTMENT REVIEW (CONTINUED)

Asset Allocation

The asset allocations at the period end are shown below:

Sector	Asset allocation as at 31 March 2018 (%)	Asset allocation as at 31 March 2017 (%)
Absolute Return	18.1	17.3
Diversifiers	17.4	21.1
Emerging Markets Equities	3.0	3.5
Fixed Income & Debt	11.5	10.4
Global and Thematic Equities	22.2	25.3
Japan Equities	4.0	2.6
Pacific Basin Ex Japan Equities	4.4	3.5
UK Equities	7.6	8.9
Net exposure of Forward Currency Contracts	0.5	0.3
Cash and Other	11.3	7.1
Total	100.0	100.0

The full list of holdings at the period end date is shown in the portfolio statement on pages 13 to 15.

Outlook

Confidence was evident across financial markets at the start of 2018 with much reference made to synchronised global growth for calendar year 2017 wherein most geographic regions of the globe grew together.

That market confidence waned in the first quarter of 2018 with a return of price volatility across asset classes and in some areas, notably those short of volatility, devastating losses.

We suspect this will not be an isolated incident and greater price volatility will remain a feature of financial markets in the near future. Although the real global economy is on a steadier footing, financial markets have been running ahead of this improvement as beneficiaries of central banks' highly supportive monetary policies of the last decade.

That monetary support is becoming harder to justify as growth strengthens across the globe, unemployment reaches historically low levels and economies look to be running at close to capacity.

The conditions are set for a pick-up in the inflation authorities have sought to encourage since the financial crisis. Such a scenario will change expectations of future rewards across financial assets. Some assets will take this change in their stride while others, in particular those that have taken on financial leverage, may well find the outcome looks much less palatable.

Thus we regard it folly to expect the strong index returns of the recent past to continue. In order to preserve and grow capital over the medium-to-long term we consider a more critical investment approach is needed. In particular, we favour themes such as demographic growth, aging and improving technology that we have good reason to believe will remain with us well beyond changes in short-term market sentiment.

Elliot Farley
Fund Manager
T. Bailey Asset Management Limited
Nottingham, United Kingdom
13 July 2018

Peter Askew
Fund Manager
T. Bailey Asset Management Limited
Nottingham, United Kingdom
13 July 2018

PORTFOLIO STATEMENTAs at 31 March 2018

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Absolute Return (18.1%; 31.03.17 - 17.3%)		
930,087 Invesco Perpetual Global Targeted Returns	2,238,720	2.5
4,693,005 Jupiter Absolute Return	2,622,451	2.9
292,969 Jupiter Europa	2,615,516	2.9
1,512,871 Old Mutual Global Equity Absolute Return	2,680,203	3.0
226,431 Old Mutual UK Specialist Equity	2,797,600	3.1
161,144 Polar Capital UK Absolute Equity	3,367,902	3.7
	16,322,392	18.1
Diversifiers (17.4%; 31.03.17 - 21.1%)		
300,000 Amedeo Air Four Plus*	318,000	0.4
575,000 Bluefield Solar Income*	664,125	0.7
734,195 ETFS Aluminium*	1,619,949	1.8
120,734 ETFS Copper*	2,449,175	2.7
31,775 ETFS Gold Bullion Securities*	2,834,330	3.2
550,000 Hadrian's Wall Secured Investments C*	550,000	0.6
1,691,670 Hadrian's Wall Secured Investments*	1,657,837	1.8
1,600,000 Impact Healthcare REIT*	1,600,000	1.8
600,000 Lxi Reit*	603,000	0.7
1,204,614 RM Secured Direct Lending*	1,204,614	1.3
565,000 RM Secured Direct Lending C*	565,000	0.6
1,218,450 SQN Asset Finance Income*	1,074,673	1.2
325,448 SQN Asset Finance Income C*	289,649	0.3
867,857 Phaunos Timber*	260,357	0.3
	15,690,709	17.4
Emerging Market Equities (3.0%; 31.03.17 - 3.5%)		
1,452,110 MI Somerset Emerging Markets Dividend Growth	2,651,554	3.0
	2,651,554	3.0

PORTFOLIO STATEMENT (CONTINUED)As at 31 March 2018

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Fixed Income and Debt (11.5%; 31.03.17 - 10.4%)		
1,616,000 M&G Global Floating Rate High Yield	1,793,275	2.0
19,616 New Capital Wealthy Nations Bond	2,199,703	2.4
1,271,530 TwentyFour Select Monthly Income*	1,266,444	1.4
22,675 Vontobel TwentyFour Absolute Return Credit	2,504,222	2.8
3,173,854 Schroder High Yield Opportunities	2,615,256	2.9
	10,378,900	11.5
Global and Thematic Equities (22.2%; 31.03.17 - 25.3%)		
1,582,342 Lazard Global Listed Infrastructure Equity	2,752,642	3.1
9,443 Pictet Security	1,715,997	1.9
415,435 Polar Capital Global Insurance	2,433,620	2.7
84,289 Polar Capital Healthcare Opportunities	2,559,848	2.8
18,443 RobecoSAM Smart Materials	3,058,960	3.4
262,231 Robo Global Robotics and Automation*	3,043,191	3.4
538,972 IP Group*	617,662	0.7
143,495 Nordea 1 Global Climate & Environment	2,064,892	2.3
924,974 Sarasin Food & Agriculture Opportunities	1,726,002	1.9
	19,972,814	22.2
Japan Equities (4.0%; 31.03.17 - 2.6%)		
1,412,772 JPM Japan	3,625,173	4.0
	3,625,173	4.0
Pacific Basin Ex Japan Equities (4.4%; 31.03.17 - 3.5%)		
42,162 Matthews Asia India	773,667	0.9
4,523 Alquity Indian Subcontinent	783,075	0.9
18,113 Prusik Asian Equity Income	2,377,817	2.6
	3,934,559	4.4

PORTFOLIO STATEMENT (CONTINUED)

As at 31 March 2018

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
UK Equities		
(7.6%; 31.03.17 - 8.9%)		
2,176,095 CF Livingbridge UK Micro Cap	3,435,184	3.8
292,475 Polar Capital UK Value Opportunities	3,366,389	3.8
	6,801,573	7.6
Holding or nominal value of positions	Unrealised Gain/(loss) value £	Percentage of total net assets %
Forward Currency Contracts		
(0.5%; 31.03.17 - 0.3%)		
£11,773,363 Forward FX GBP v \$16,000,000 (expires 21.12.18)	438,707	0.5
	438,707	0.5
Portfolio of investments	79,816,381	88.7
Net other assets	10,153,160	11.3
Total net assets	89,969,541	100.0

Asset Class	Asset class allocation as at 31 March 2018 (%)	Asset class allocation as at 31 March 2017 (%)
Collective Investment Schemes	65.3	65.3
Exchange Traded Funds	11.1	10.6
Investment Trusts	11.1	16.1
Equities	0.7	0.6
Forward Currency Contracts	0.5	0.3
Cash and Other	11.3	7.1
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.

SUMMARY OF FUND PERFORMANCE

Institutional Income Units	1 Apr 2017 to 30 Mar 2018	1 Apr 2016 to 31 Mar 2017	1 Apr 2015 to 31 Mar 2016
	(pence per unit)	(pence per unit)	(pence per unit)
Change in net assets per unit			
Opening net asset value per unit	59.84	53.80	55.38
Return before operating charges*	3.30	7.37	(0.18)
Operating charges	(0.42)	(0.40)	(0.42)
Return after operating charges*	2.88	6.97	(0.60)
Distributions on income units	(0.70)	(0.93)	(0.98)
Closing net asset value per unit	62.02	59.84	53.80
* after direct transaction costs of:	0.01	0.00	0.00
Performance			
Return after charges	4.81%	12.96%	(1.08)%
Other information			
Closing net asset value	£26,189,751	£23,120,068	£20,836,519
Closing number of units	42,229,174	38,634,703	38,727,334
Operating charges (p.a.)	1.36%	1.38%	1.48%
Direct transaction costs (p.a.)	0.01%	0.01%	0.01%
Prices			
Highest published unit price	64.61	60.33	56.64
Lowest published unit price	59.87	53.37	51.28

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 2017 to 30 Mar 2018 (pence per unit)	1 Apr 2016 to 31 Mar 2017 (pence per unit)	1 Apr 2015 to 31 Mar 2016 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	76.11	67.33	68.05
Return before operating charges*	4.20	9.29	(0.20)
Operating charges	(0.54)	(0.51)	(0.52)
Return after operating charges*	3.66	8.78	(0.72)
Distributions	(0.89)	(1.15)	(1.18)
Retained distributions on accumulation units	0.89	1.15	1.18
Closing net asset value per unit	79.77	76.11	67.33
* after direct transaction costs of:	0.01	0.00	0.01
Performance			
Return after charges	4.81%	13.04%	(1.06)%
Other information			
Closing net asset value	£60,129,520	£42,996,940	£22,102,249
Closing number of units	75,379,195	56,491,453	32,826,738
Operating charges (p.a.)	1.36%	1.38%	1.48%
Direct transaction costs (p.a.)	0.01%	0.01%	0.01%
Prices			
Highest published unit price	82.85	76.41	69.64
Lowest published unit price	76.14	66.78	63.88

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 2017 to 30 Mar 2018	1 Apr 2016 to 31 Mar 2017	1 Apr 2015 to 31 Mar 2016
	(pence per unit)	(pence per unit)	(pence per unit)
Change in net assets per unit			
Opening net asset value per unit	54.77	49.69	51.66
Return before operating charges*	3.01	6.78	(0.16)
Operating charges	(0.89)	(0.84)	(0.85)
Return after operating charges*	2.12	5.94	(1.01)
Distributions on income units	(0.63)	(0.86)	(0.96)
Closing net asset value per unit	56.26	54.77	49.69
* after direct transaction costs of:	0.01	0.00	0.00
Performance			
Return after charges	3.87%	11.95%	(1.96)%
Other information			
Closing net asset value	£482,040	£401,404	£427,330
Closing number of units	856,755	732,892	859,953
Operating charges (p.a.)	2.26%	2.28%	2.38%
Direct transaction costs (p.a.)	0.01%	0.01%	0.01%
Prices			
Highest published unit price	58.70	55.24	52.83
Lowest published unit price	54.77	49.19	47.46

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 2017 to 30 Mar 2018 (pence per unit)	1 Apr 2016 to 31 Mar 2017 (pence per unit)	1 Apr 2015 to 31 Mar 2016 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	69.95	62.44	63.69
Return before operating charges*	3.85	8.57	(0.19)
Operating charges	(1.14)	(1.06)	(1.06)
Return after operating charges*	2.71	7.51	(1.25)
Distributions	(0.81)	(1.09)	(1.15)
Retained distributions on accumulation units	0.81	1.09	1.15
Closing net asset value per unit	72.66	69.95	62.44
* after direct transaction costs of:	0.01	0.00	0.01
Performance			
Return after charges	3.87%	12.03%	(1.96)%
Other information			
Closing net asset value	£3,168,230	£2,244,847	£2,155,192
Closing number of units	4,360,143	3,209,238	3,451,461
Operating charges (p.a.)	2.26%	2.28%	2.38%
Direct transaction costs (p.a.)	0.01%	0.01%	0.01%
Prices			
Highest published unit price	75.59	70.25	65.16
Lowest published unit price	69.95	61.81	59.31

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 2018

	Notes	£	31.03.18 £	31.03.17 £
Income				
Net capital gains	2		2,954,805	6,544,405
Revenue	3	949,069		952,557
Expenses	4	(579,960)		(432,201)
Interest payable and similar charges	6	(2,551)		-
Net revenue before taxation		366,558		520,356
Taxation	5	(2,527)		(11,370)
Net revenue after taxation			364,031	508,986
Total return before distributions			3,318,836	7,053,391
Distributions	6		(895,293)	(918,404)
Change in net assets attributable to unitholders from investment activities			2,423,543	6,134,987

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERSFor the year ended 31 March 2018

	Notes	£	31.03.18 £	31.03.17 £
Opening net assets attributable to unitholders			68,763,259	45,521,290
<i>Movements due to sales and repurchases of units:</i>				
Amounts receivable on issue of units		41,961,969		19,626,046
Amounts payable on cancellation of units		(23,822,718)		(3,158,145)
			18,139,251	16,467,901
Dilution levy			-	37,064
Change in net assets attributable to unitholders from investment activities			2,423,543	6,134,987
Retained distributions on accumulation units	6		643,488	602,017
Closing net assets attributable to unitholders			89,969,541	68,763,259

BALANCE SHEET
As at 31 March 2018

	Notes	31.03.18 £	31.03.17 £
Assets:			
Fixed assets:			
Investments		79,816,381	63,886,191
Current assets:			
Debtors	7	602,940	1,401,954
Cash and bank balances	8	10,468,885	3,680,632
Total assets		90,888,206	68,968,777
Liabilities:			
Creditors:			
Distribution payable on income units	6	78,710	98,170
Other creditors	9	839,955	107,348
Total liabilities		918,665	205,518
Net assets attributable to unitholders		89,969,541	68,763,259

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2018

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 UK 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 because it is the currency of the primary economic environment in which the Company operates.

(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.

All revenue is recognised on the condition that the flow of economic benefits is probable and the amount can be measured reliably.

(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 in determining whether the dividend is to be treated as revenue or capital.

(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 on an accrual basis.

(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 2018

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

Corporation tax is provided for on taxable revenue, less deductible expenses, at a rate of 20%. This is the rate that has been enacted or substantially enacted by the balance sheet date.

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 to the reversal of timing difference.

(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. Transactions in overseas currencies occurring during the year are recorded at the rate of exchange on the date of the transaction.

(k) Financial instruments

Financial assets and financial liabilities are recognised in the Fund's balance sheet when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at transaction price (including transaction costs) and subsequently measured at amortised cost, except for the Fund's investments classified as financial assets at fair value through profit or loss, which are initially recognised at fair value (excluding transaction costs).

The investments are measured at closing prices on the balance sheet date, with any gains or losses arising on measurement recognised in the statement of total return. 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 investments are valued at a price which, in the opinion of the ACD, reflects the fair value of the asset. This may involve the use of an appropriate valuation technique/methodology.

(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 2018

2. Net capital gains

	31.03.18	31.03.17
	£	£
Non-derivative securities	2,953,808	5,953,003
Currency (losses)/gains	(1,201,188)	768,109
Forward currency contracts gains/(losses)	1,171,960	(212,703)
Transaction charges	(513)	(500)
Equalisation on UK distributions	26,872	33,018
Capital management fee rebates	3,866	3,478
Net capital gains	2,954,805	6,544,405

3. Revenue

	31.03.18	31.03.17
	£	£
UK franked distributions	237,636	290,339
UK unfranked distributions	223,015	212,499
UK franked dividends	15,389	3,619
UK unfranked dividends	164,977	117,018
Overseas dividends	304,339	326,967
Bank interest	61	68
Income management fee rebates	3,925	2,086
Unfranked income currency losses	(273)	(39)
Total revenue	949,069	952,557

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2018

4. Expenses

	31.03.18	31.03.17
	£	£
Payable to the Manager, associates of the Manager and agents of either:		
Annual management charge	506,807	367,936
Registration fees	16,364	15,222
Administration fees	9,847	10,956
	<u>533,018</u>	<u>394,114</u>
Payable to the Trustee, associates of the Trustee and agents of either:		
Trustee's fees	35,604	27,120
Safe custody fees	1,872	1,351
	<u>37,476</u>	<u>28,471</u>
Other expenses:		
Audit fee	6,600	6,480
Tax fee	2,280	2,280
FCA fee	172	241
Other expenses	414	615
	<u>9,466</u>	<u>9,616</u>
Total expenses	<u>579,960</u>	<u>432,201</u>
	31.03.18	31.03.17
	£	£
Fees payable to the Fund auditor for the audit of the Fund's annual accounts:		
Total audit fee	<u>6,600</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 2018

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

	31.03.18	31.03.17
	£	£
Analysis of charge in the year		
Irrecoverable income tax	2,527	11,370
Total current tax for the year (see note 5(b))	2,527	11,370
Deferred tax (see note 5(c))	-	-
Total taxation for the year	2,527	11,370

Corporation tax has been provided at a rate of 20% (31 March 2017: 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:

	31.03.18	31.03.17
	£	£
Net revenue before taxation	366,558	520,356
Corporation tax at 20%	73,312	104,071
Effects of:		
Revenue not subject to taxation	(111,473)	(124,185)
Capital management fees	773	696
Excess expenses for which no relief taken	37,388	19,418
Irrecoverable income tax	2,527	11,370
Current tax charge for the year (see note 5(a))	2,527	11,370

(c) Provision for deferred tax

At 31 March 2018, the Fund had surplus management expenses of £456,484 (31 March 2017: £269,542). The deferred tax in respect of this would be £91,296 (31 March 2017: £53,908). 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)). Changes in tax laws and rates may affect recorded deferred tax assets and liabilities and the effective tax rate in the future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2018

6. Distributions

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

	31.03.18	31.03.17
	£	£
Interim - Income (30 Jun)	51,179	62,692
Interim - Income (30 Sep)	100,007	116,968
Interim - Income (31 Dec)	52,570	90,893
Final - Income (31 Mar)	78,710	98,170
	<hr/> 282,466	<hr/> 368,723
Interim - Accumulation (30 Jun)	113,184	91,405
Interim - Accumulation (30 Sep)	227,958	177,522
Interim - Accumulation (31 Dec)	119,081	154,047
Final - Accumulation (31 Mar)	183,265	179,043
	<hr/> 643,488	<hr/> 602,017
Add: Revenue deducted on cancellation of units	60,409	9,391
Deduct: Revenue received on issue of units	(91,070)	(61,727)
Net distribution for the year	<hr/> 895,293	<hr/> 918,404
Interest	2,551	-
Total finance costs	<hr/> 897,844	<hr/> 918,404
Reconciliation to net distribution for the year		
Net revenue after taxation for the year	364,031	508,986
Expenses allocated to capital, net of tax relief	500,019	373,072
Realised income currency gains/(losses)	505	(150)
Equalisation on UK distributions	26,872	33,018
Capital management fee rebates	3,866	3,478
Net distribution for the year	<hr/> 895,293	<hr/> 918,404

Details of the distributions per unit are set out in the distribution tables on pages 35 and 36.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2018

7. Debtors

	31.03.18	31.03.17
	£	£
Amounts receivable for issue of units	583,742	1,005
Sales awaiting settlement	-	1,367,026
Accrued revenue	8,040	5,093
Prepayments	2	1
Income tax recoverable	7,388	27,375
Management fee rebates recoverable	3,768	1,454
Total debtors	602,940	1,401,954

8. Cash and bank balances

	31.03.18	31.03.17
	£	£
Cash and bank balances	10,468,885	3,680,632
Total cash and bank balances	10,468,885	3,680,632

9. Other creditors

	31.03.18	31.03.17
	£	£
Amounts payable for cancellation of units	37,709	54,348
Purchases awaiting settlement	742,110	-
Accrued managers fees	45,371	39,066
Accrued registration fees	1,656	937
Accrued administration fees	784	1,014
Accrued trustee fees	2,899	2,948
Accrued custody fees	546	275
Accrued audit fees	6,600	6,480
Accrued tax fees	2,280	2,280
Total creditors	839,955	107,348

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 FHH Limited Pension Scheme held 19,922,329 units in the T. Bailey Dynamic Fund. At this time the Investment Manager also held 622,092 units in the T. Bailey Dynamic Fund. There were no other units held by the Trustee or associates of either the Manager or the Trustee. As at 31 March 2018, one single unitholder held units amounting to approximately 25% 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 2018

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	38,634,702.551
Total creation of units in the period	5,861,972.299
Total cancellation of units in the period	(2,267,501.096)
Closing units at the end of the period	42,229,173.754

	Retail Income
Opening units at the start of the period	732,891.548
Total creation of units in the period	287,851.630
Total cancellation of units in the period	(163,988.141)
Closing units at the end of the period	856,755.037

	Institutional Accumulation
Opening units at the start of the period	56,491,453.300
Total creation of units in the period	46,305,593.471
Total cancellation of units in the period	(27,417,851.868)
Closing units at the end of the period	75,379,194.903

	Retail Accumulation
Opening units at the start of the period	3,209,237.673
Total creation of units in the period	1,733,263.768
Total cancellation of units in the period	(582,358.594)
Closing units at the end of the period	4,360,142.847

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 16 to 19. The distributions per unit class are given in the distribution tables on pages 35 and 36. 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 2018

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 2018			Net foreign currency assets at 31 March 2017		
	Monetary exposures	Non- monetary exposures	Total	Monetary exposures	Non- monetary exposures	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Euro	-	2,616	2,616	-	-	-
US Dollar	-	9,542	9,542	-	7,442	7,442

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 2018: 0.5%, 31 March 2017: 10.8%).

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 £1,350,794 (31 March 2017: £676,567). 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 £1,105,195 (31 March 2017: £826,916). 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 2018

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
31.03.18						
Sterling	10,469	-	68,262	-	(919)	77,812
Euro	-	-	2,616	-	-	2,616
US Dollar	-	-	9,542	-	-	9,542
31.03.17						
Sterling	3,681	-	57,846	-	(206)	61,321
US Dollar	-	-	7,442	-	-	7,442

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 2018

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 £7,981,638 (31 March 2017: £6,388,619). This calculation assumes all other variables remain constant.

(f) Fair value of financial assets and liabilities

Valuation technique	INVESTMENT ASSETS	
	31 March 2018	31 March 2017
	£	£
Level 1: Quoted Prices	20,618,006	18,928,485
Level 2: Observable Market Data	59,198,375	44,957,706
Level 3: Unobservable Data	-	-
	<u>79,816,381</u>	<u>63,886,191</u>

As at the year-end there were no investment liabilities (31 March 2017: £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 £483,707 (31 March 2017: £199,583).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2018

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. In addition to direct transaction costs below, indirect costs are incurred through the bid-offer spread. It is not possible for the ACD to quantify these indirect costs. A breakdown of the purchases and sales, and the related direct transaction costs incurred by the Fund in the year are shown in the table below:

	31.03.18		31.03.17	
	£		£	
Analysis of total purchase costs				
PURCHASES				
Collective Investment Schemes	23,096,612		26,509,161	
Equities	1,234,117		120,400	
Exchange Traded Funds	4,483,527		4,676,759	
Investment Trusts	7,911,588		4,989,953	
Net purchases before direct transaction costs	36,725,844		36,296,273	
		% of total	% of total	
		purchases	purchases	
DIRECT TRANSACTION COSTS				
Equities	687	0.00%	242	0.00%
Exchange Traded Funds	460	0.00%	1,038	0.00%
Investment Trusts	4,223	0.01%	1	0.00%
Total direct transaction costs	5,370	0.01%	1,281	0.00%
Gross purchases total	36,731,214		36,297,554	
Analysis of total sale costs				
SALES				
Collective Investment Schemes	12,262,028		21,298,088	
Equities	892,722		-	
Exchange Traded Funds	1,630,122		-	
Investment Trusts	8,550,993		1,389,956	
Gross sales before direct transaction costs	23,335,865		22,688,044	
		% of total	% of total	
		sales	sales	
DIRECT TRANSACTION COSTS				
Investment Trusts	(5,109)	0.02%	(1,971)	0.01%
Total direct transaction costs	(5,109)	0.02%	(1,971)	0.01%
Net sales total	23,330,756		22,686,073	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2018

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

	31.03.18		31.03.17	
	% of		% of	
	£	average NAV	£	average NAV
Analysis of total direct transaction costs				
Equities	687	0.00%	242	0.00%
Exchange Traded Funds	460	0.00%	1,038	0.00%
Investment Trusts	9,332	0.01%	1,972	0.01%
Total direct transaction costs	10,479	0.01%	3,252	0.01%

(b) Average portfolio dealing spread

The average portfolio dealing spread of the investments at the balance sheet date was 0.25% (31 March 2017: 0.28%). 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 2017: £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 72.66p to 74.72p as at 22 June 2018. 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 2018

Interim Distribution (30 June 2017)

Group 1 - Units purchased on or prior to 31 March 2017

Group 2 - Units purchased after 31 March 2017

Units	Revenue	Equalisation ¹	Paid/Accumulated	Paid/Accumulated
	(pence)	(pence)	31.08.17 (pence)	31.08.16 (pence)
Institutional Income				
Group 1	0.1316	-	0.1316	0.1580
Group 2	0.0840	0.0476	0.1316	0.1580
Retail Income				
Group 1	0.1204	-	0.1204	0.1472
Group 2	0.0252	0.0952	0.1204	0.1472
Institutional Accumulation				
Group 1	0.1674	-	0.1674	0.1931
Group 2	0.0764	0.0910	0.1674	0.1931
Retail Accumulation				
Group 1	0.1537	-	0.1537	0.1823
Group 2	0.0339	0.1198	0.1537	0.1823

Interim Distribution (30 September 2017)

Group 1 - Units purchased on or prior to 30 June 2017

Group 2 - Units purchased after 30 June 2017

Units	Revenue	Equalisation ¹	Paid/Accumulated	Paid/Accumulated
	(pence)	(pence)	30.11.17 (pence)	30.11.16 (pence)
Institutional Income				
Group 1	0.2572	-	0.2572	0.2952
Group 2	0.1199	0.1373	0.2572	0.2952
Retail Income				
Group 1	0.2347	-	0.2347	0.2712
Group 2	0.0240	0.2107	0.2347	0.2712
Institutional Accumulation				
Group 1	0.3278	-	0.3278	0.3705
Group 2	0.1398	0.1880	0.3278	0.3705
Retail Accumulation				
Group 1	0.3004	-	0.3004	0.3426
Group 2	0.1168	0.1836	0.3004	0.3426

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 2018

Interim Distribution (31 December 2017)

Group 1 - Units purchased on or prior to 30 September 2017

Group 2 - Units purchased after 30 September 2017

Units	Revenue (pence)	Equalisation ¹ (pence)	Paid/Accumulated	Paid/Accumulated
			28.02.18 (pence)	28.02.17 (pence)
Institutional Income				
Group 1	0.1270	-	0.1270	0.2293
Group 2	0.0257	0.1013	0.1270	0.2293
Retail Income				
Group 1	0.1157	-	0.1157	0.2107
Group 2	0.0247	0.0910	0.1157	0.2107
Institutional Accumulation				
Group 1	0.1625	-	0.1625	0.2893
Group 2	0.0454	0.1171	0.1625	0.2893
Retail Accumulation				
Group 1	0.1481	-	0.1481	0.2669
Group 2	0.0366	0.1115	0.1481	0.2669

Final Distribution (31 March 2018)

Group 1 - Units purchased on or prior to 31 December 2017

Group 2 - Units purchased after 31 December 2017

Units	Revenue (pence)	Equalisation ¹ (pence)	Paid/Accumulated	Paid/Accumulated
			31.05.18 (pence)	31.05.17 (pence)
Institutional Income				
Group 1	0.1830	-	0.1830	0.2497
Group 2	0.0320	0.1510	0.1830	0.2497
Retail Income				
Group 1	0.1624	-	0.1624	0.2307
Group 2	0.0145	0.1479	0.1624	0.2307
Institutional Accumulation				
Group 1	0.2310	-	0.2310	0.3001
Group 2	0.0677	0.1633	0.2310	0.3001
Retail Accumulation				
Group 1	0.2092	-	0.2092	0.2962
Group 2	0.0518	0.1574	0.2092	0.2962

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.

DIRECTORY

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Dealing line: 0115 988 8213
Website: 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 Taylor
Mr G M Padbury
Mr M Hughes (non-executive)

Investment Manager

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Trustee

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

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