



T.BAILEY

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T. Bailey Growth 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 15 and ‘Directory’ on page 37.*



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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.tbaileys.co.uk/funds/t-bailey-funds](http://www.tbaileys.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 4 because it invests in UK and overseas shares and the unit price has experienced high rises and falls in value in the past. The risk category has changed since the beginning of the period which, at the previous year end, was in risk category 5.

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

The Key Investor Information documents and Supplementary Information document are also available on the website: [www.tbaileys.co.uk/funds/t-bailey-funds](http://www.tbaileys.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 2017. 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 Investment Association ('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 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 19 and 20.

*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.

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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 2017**

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

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

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

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

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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 Schemes 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 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 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.

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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, 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 Growth 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.

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

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**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](http://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.

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

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**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**

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## INVESTMENT REVIEW

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### Performance

Cumulative returns for the periods ended 31 March 2018 (%)				
	1 year	3 years	5 years	
TBGF – Institutional units	6.30	31.19	62.19	
TBGF – Retail units	5.35	27.70	55.24	
IA Global Sector Mean (TR)	2.63	27.51	57.39	
UK Inflation +5% per annum <sup>1</sup>	7.56	21.95	36.61	

Discrete returns for the 12 month periods ended 31 March (%)					
	2018	2017	2016	2015	2014
TBGF - Institutional units	6.30	22.62	0.65	20.04	2.99
TBGF - Retail units	5.35	21.51	(0.25)	18.95	2.20
IA Global Sector Mean (TR)	2.63	28.56	(3.36)	15.29	7.07
UK Inflation +5% per annum <sup>1</sup>	7.56	7.40	5.57	4.99	6.70

<sup>1</sup> 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.

Global equity markets provided 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. The translational effect of Sterling strength against the US Dollar over the period weighed on the reported valuation of US equities.

Broader-based exposure to companies across the globe and a more equally weighted approach to market capitalisation through geographic and thematic holdings contributed to respectable returns for the T. Bailey Growth Fund and relatively low volatility for its investors over the period as a whole.

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

## INVESTMENT REVIEW (CONTINUED)

Region (Equities)	Index	1 year ended 31 March 2018 (%)	3 years ended 31 March 2018 (%)
United Kingdom	IA UK All Companies	2.65	18.16
United States	IA North America	(0.03)	31.73
Europe ex. UK	IA Europe ex. UK	5.62	28.33
Japan	IA Japan	9.18	40.47
Pacific Basin ex. Japan	IA Asia Pacific ex. Japan	7.31	33.22
Emerging Markets	IA Global Emerging Markets	8.50	

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)

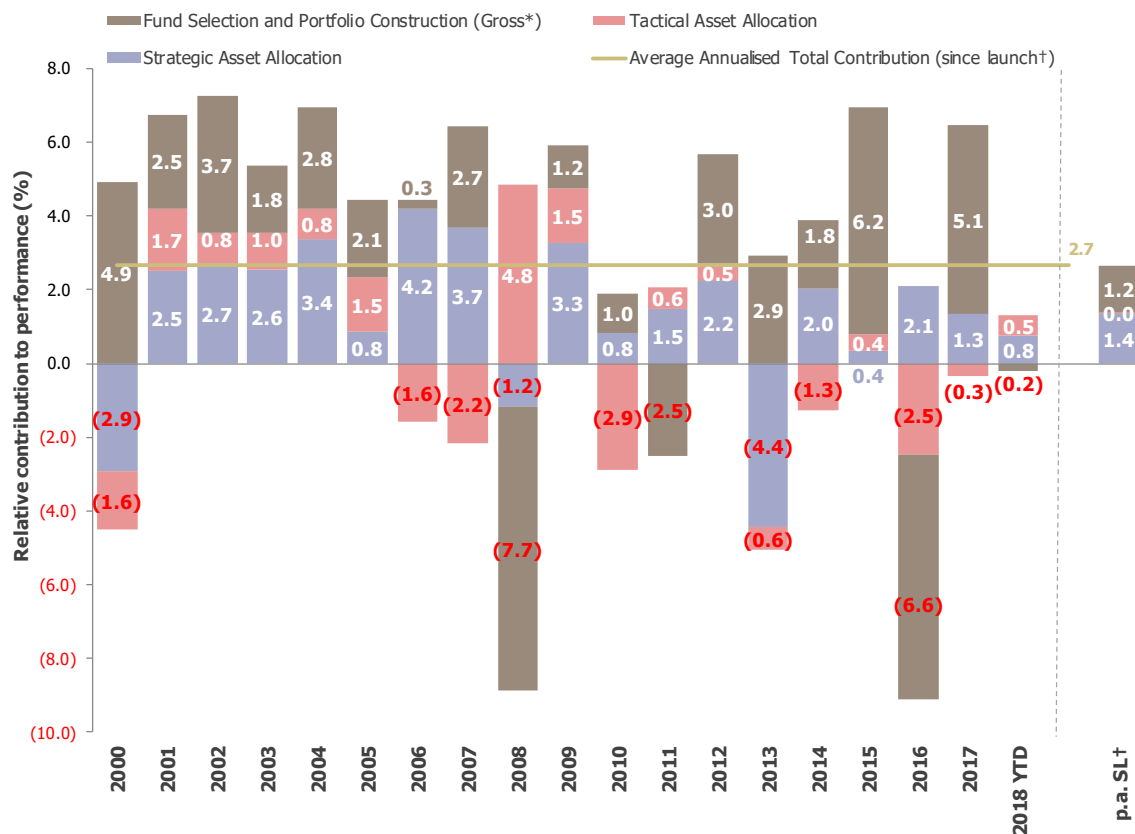
Below we show the calendar year performance of the T. Bailey Growth Fund against its benchmark, the IA Global sector average, and the contribution to this performance made by each part of our investment process. (For the purpose of this analysis these figures are provided before the T. Bailey annual management charge, but are after all 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 Fund Selection was the primary driver of returns in 2017 adding +5.1% net of the ongoing fees of the underlying managers. This follows a difficult 2016 calendar year for Fund Selection which, while delivering respectable absolute returns, relative performance lagged the strength of the wider market. Strategic Asset Allocation has added value in each of the last four calendar years and has continued to be a driver of returns in 2018 adding +0.8% to the date of the report.

In aggregate, from the launch of the T. Bailey Growth Fund to 31 March 2017, Strategic Asset Allocation has provided +1.4% per annum on average in excess of the mean returns of the peer group. Fund Selection has contributed an additional +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. Due to rounding, numbers presented may not add up precisely to the totals indicated.

\* 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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### Calendar Year Performance Attribution

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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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	SAA 1	SAA 2	SAA 3	SAA 4	SAA 5	SAA 6	SAA 7
From:	13 Dec 99	1 Feb 03	1 April 06	1 Apr 09	1 Apr 12	1 Apr15	1 April 18
To:	31 Jan 03	31 Mar 06	31 Mar 09	31 Mar 12	31 Mar 15	31 Mar 18	Present
Equity Market Region	(%)	(%)	(%)	(%)	(%)	(%)	(%)
United Kingdom	50.0	50.0	40.0	25.0	10.0	10.0	10.0
United States	17.5	20.0	15.0	25.0	25.0	20.0	0.0
Europe (ex. UK)	17.5	10.0	15.0	15.0	10.0	10.0	4.0
Japan	10.0	5.0	7.5	7.5	5.0	12.0	10.0
Pacific Basin (ex. Japan)	5.0	5.0	7.5	10.0	10.0	15.0	20.0
Emerging Markets	-	10.0	15.0	17.5	20.0	5.0	-
Latin America	-	-	-	-	-	-	8.0
Global Thematic	-	-	-	-	20.0	26.0	42.0
Equity Absolute Return	-	-	-	-	-	-	4.0
Cash	-	-	-	-	-	2.0	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>	<b>100.0</b>

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Source: T. Bailey.

The most recent update of the SAA was implemented on 1 April 2018, after the date of this report.

#### Tactical Asset Allocation

Tactical Asset Allocation is perhaps the most difficult part of our investment process from which we believe we can add additional performance for the fund. 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. In this regard, and in anticipation of an increase of the volatility in financial markets seen in the opening months of 2018, we bolstered the level of cash held in the portfolio allowing it to reach 8.3% by the period end.

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## INVESTMENT REVIEW (CONTINUED)

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### 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 (%)
Emerging Market Equities	7.1	4.4
Europe (ex. UK) Equities	10.7	8.4
Global and Thematic Equities	38.6	39.7
Japan Equities	11.3	14.6
Pacific Basin (ex. Japan) Equities	11.1	15.8
UK Equities	10.6	13.3
US Equities	2.5	-
Forward Currency Contracts	(0.2)	-
Cash and Other	8.3	3.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The full list of holdings at the period end date is shown in the portfolio statement on pages 16 to 18.

### Fund Selection

Exposure to the UK was reduced during the period with the remaining two UK long-only equity funds, Polar Capital UK Value Opportunities and LF Livingbridge UK Micro Cap funds, both achieving double digit returns.

These two funds provide a bias to the smaller end of the market cap spectrum within the UK section of the portfolio, a strategy that has proven successful of late in both performance and risk terms across the portfolio. In a similar vein, notably strong returns were achieved by Baring Europe Select in the Europe (ex. UK) section of the portfolio and Baillie Gifford Japanese Smaller Companies in the Japan section. Each of these funds were held throughout the reporting period.

Save for the LF Miton US Smaller Companies Fund introduced to the portfolio at the end of the period, the Fund's exposure to US equities has been achieved as a result of investing in global thematic funds that in turn invest in US equities. In aggregate these delivered respectable single digit returns over the period, ahead of the average returns available from US focused funds.

The portfolio at the period-end consisted of 26 holdings, not including cash and forward foreign exchange contracts, which equate to an average holding size of just over 3.5%. The shorter-term, tactical exposure to cash 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.

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 on average 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**

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**

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**PORTFOLIO STATEMENT**As at 31 March 2018

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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>(7.1%; 31.03.17 - 4.4%)</b>		
5,336,485 MI Somerset Emerging Markets Dividend Growth	9,744,421	4.7
25,889 RWC Global Emerging Markets	5,053,200	2.4
	<b>14,797,621</b>	<b>7.1</b>
<b>Europe (ex. UK) Equities</b> <b>(10.7%; 31.03.17 - 8.4%)</b>		
233,471 Baring Europe Select	9,184,745	4.4
2,639,260 LF Miton European Opportunities	4,250,792	2.0
10,000 Oyster European Mid & Small Cap	9,033,457	4.3
	<b>22,468,994</b>	<b>10.7</b>
<b>Global and Thematic Equities</b> <b>(38.6%; 31.03.17 - 39.7%)</b>		
705,964 Baillie Gifford Global Discovery	9,043,405	4.3
3,522,986 IP Group*	4,037,342	1.9
3,965,334 Lazard Global Listed Infrastructure Equity	6,898,094	3.3
529,078 Nordea 1 - Global Climate & Environment	7,613,426	3.6
23,702 Pictet Security	4,307,112	2.1
831,087 Polar Capital Automation & Artificial Intelligence	6,208,222	3.0
1,406,904 Polar Capital Global Insurance	8,241,643	3.9
282,232 Polar Capital Healthcare Opportunities	8,571,398	4.1
53,543 Robeco SAM Smart Materials	8,880,634	4.2
758,935 Robo Global Robotics and Automation**	8,807,441	4.2
4,515,995 Sarasin Food & Agriculture Opportunities	8,426,846	4.0
	<b>81,035,563</b>	<b>38.6</b>
<b>Japan Equities</b> <b>(11.3%; 31.03.17 - 14.6%)</b>		
248,633 Baillie Gifford Japanese Smaller Companies	11,976,647	5.7
4,599,346 JPM Japan	11,801,921	5.6
	<b>23,778,568</b>	<b>11.3</b>

**PORTFOLIO STATEMENT (CONTINUED)**

As at 31 March 2018

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
<b>Pacific Basin (ex. Japan) Equities</b> (11.1%; 31.03.17 - 15.8%)		
21,929 Alquity Indian Subcontinent	3,796,489	1.8
1,668,158 Hermes Asia ex Japan Equity	4,212,767	2.0
213,948 Matthews Asia India	3,925,948	1.9
87,078 Prusik Asian Equity Income	11,431,357	5.4
	<b>23,366,561</b>	<b>11.1</b>
<b>UK Equities</b> (10.6%; 31.03.17 - 13.3%)		
4,295,222 CF Livingbridge UK Micro Cap	6,780,438	3.2
404,119 Polar Capital UK Absolute Equity	8,446,089	4.0
603,757 Polar Capital UK Value Opportunities	6,949,238	3.4
	<b>22,175,765</b>	<b>10.6</b>
<b>US Equities</b> (2.5%; 31.03.17 - 0.0%)		
5,487,110 LF Miton US Smaller Companies	5,180,381	2.5
	<b>5,180,381</b>	<b>2.5</b>
<b>Holding or nominal value of positions</b>	<b>Unrealised Gain/(loss) value £</b>	<b>Percentage of total net assets %</b>
<b>Forward Currency Contracts</b> (-0.2%; 31.03.17 - 0.0%)		
\$13,594,000 Forward FX USD v £10,000,000 (expires 21.12.18)	(369,793)	(0.2)
	<b>(369,793)</b>	<b>(0.2)</b>
<b>Portfolio of investments</b>	<b>192,433,660</b>	<b>91.7</b>
<b>Net other assets</b>	<b>17,401,974</b>	<b>8.3</b>
<b>Total net assets</b>	<b>209,835,634</b>	<b>100.0</b>

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**PORTFOLIO STATEMENT (CONTINUED)**As at 31 March 2018

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<b>Asset Class</b>	<b>Asset class allocation as at 31 March 2018 (%)</b>	<b>Asset class allocation as at 31 March 2017 (%)</b>
Collective Investment Schemes	85.8	89.4
Equities	1.9	2.6
ETF	4.2	4.2
Forward Currency Contracts	(0.2)	-
Cash and Other	8.3	3.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

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*\* 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.*

## SUMMARY OF FUND PERFORMANCE

<b>Institutional Accumulation Units</b>	<b>1 Apr 2017 to 31 Mar 2018</b>	<b>1 Apr 2016 to 31 Mar 2017</b>	<b>1 Apr 2015 to 31 Mar 2016</b>
	(pence per unit)	(pence per unit)	(pence per unit)
<b>Change in net assets per unit</b>			
Opening net asset value per unit	147.60	121.17	120.49
Return before operating charges*	12.22	27.33	1.49
Operating charges	(1.03)	(0.90)	(0.81)
Return after operating charges*	11.19	26.43	0.68
Distributions	0.00	0.00	0.00
Retained distributions on accumulation units	0.00	0.00	0.00
Closing net asset value per unit	158.79	147.60	121.17
* after direct transaction costs of:	0.00	0.00	0.01
<b>Performance</b>			
Return after charges	7.58%	21.81%	0.56%
<b>Other information</b>			
Closing net asset value	£178,365,121	£162,873,168	£125,332,763
Closing number of units	112,329,182	110,349,230	103,439,191
Operating charges (p.a.)	1.53%	1.62%	1.62%
Direct transaction costs (p.a.)	0.00%	0.00%	0.01%
<b>Prices</b>			
Highest published unit price	168.56	148.67	125.89
Lowest published unit price	145.22	118.45	108.34

*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 2017 to 31 Mar 2018</b>	<b>1 Apr 2016 to 31 Mar 2017</b>	<b>1 Apr 2015 to 31 Mar 2016</b>
	(pence per unit)	(pence per unit)	(pence per unit)
<b>Change in net assets per unit</b>			
Opening net asset value per unit	148.13	122.71	123.14
Return before operating charges*	12.25	27.53	1.47
Operating charges	(2.43)	(2.11)	(1.90)
Return after operating charges*	9.82	25.42	(0.43)
Distributions	0.00	0.00	0.00
Retained distributions on accumulation units	0.00	0.00	0.00
Closing net asset value per unit	157.95	148.13	122.71
* after direct transaction costs of:	0.00	0.00	0.01
<b>Performance</b>			
Return after charges	6.63%	20.72%	(0.35)%
<b>Other information</b>			
Closing net asset value	£31,470,513	£35,367,746	£53,334,644
Closing number of units	19,924,050	23,875,669	43,462,469
Operating charges (p.a.)	2.43%	2.52%	2.52%
Direct transaction costs (p.a.)	0.00%	0.00%	0.01%
<b>Prices</b>			
Highest published unit price	167.99	149.27	128.62
Lowest published unit price	145.69	119.82	109.85

*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 2018

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	Notes	£	31.03.18 £	31.03.17 £
Income				
Net capital gains	2		14,842,910	37,876,472
Revenue	3	1,081,384		1,157,450
Expenses	4	(1,638,042)		(1,676,351)
Interest payable and similar charges	6	(823)		(945)
Net expense before taxation		(557,481)		(519,846)
Taxation	5	(2,664)		-
Net expense after taxation			(560,145)	(519,846)
<b>Total return before distributions</b>			<b>14,282,765</b>	<b>37,356,626</b>
Distributions	6		464	(587)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>14,283,229</b>	<b>37,356,039</b>

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**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**For the year ended 31 March 2018

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		£	31.03.18 £	31.03.17 £
<b>Opening net assets attributable to unitholders</b>			<b>198,240,914</b>	<b>178,667,407</b>
<i>Movements due to sales and repurchases of units:</i>				
Amounts receivable on issue of units		17,465,519		17,121,947
Amounts payable on cancellation of units		(20,154,028)		(34,904,479)
			(2,688,509)	(17,782,532)
Change in net assets attributable to unitholders from investment activities			14,283,229	37,356,039
<b>Closing net assets attributable to unitholders</b>			<b>209,835,634</b>	<b>198,240,914</b>

**BALANCE SHEET**  
As at 31 March 2018

	Notes	31.03.18 £	31.03.17 £
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		192,803,453	190,772,398
<b>Current assets:</b>			
Debtors	7	618,888	4,437,028
Cash and bank balances	8	17,112,832	7,310,942
<b>Total assets</b>		<b>210,535,173</b>	<b>202,520,368</b>
<b>Liabilities:</b>			
Investment liabilities		369,793	-
<b>Creditors:</b>			
Other creditors	9	329,746	4,279,454
<b>Total liabilities</b>		<b>699,539</b>	<b>4,279,454</b>
<b>Net assets attributable to unitholders</b>		<b>209,835,634</b>	<b>198,240,914</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

As at 31 March 2018

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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 because it is the currency of the primary economic environment in which the Fund 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, except those relating to the purchase and sale of investments are allocated 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.

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

As at 31 March 2018

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**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 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. 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.

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

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**2. Net capital gains**

	<b>31.03.18</b>	<b>31.03.17</b>
	£	£
Non-derivative securities	17,691,858	35,579,173
Currency (losses)/gains	(2,346,808)	2,285,620
Forward currency contracts losses	(516,013)	-
Transaction charges	(240)	(263)
Capital management fee rebates	14,113	11,942
<b>Net capital gains</b>	<b>14,842,910</b>	<b>37,876,472</b>

**3. Revenue**

	<b>31.03.18</b>	<b>31.03.17</b>
	£	£
UK franked distributions	1,040,474	1,138,470
UK unfranked distributions	13,319	-
UK franked dividends	-	5,594
Bank interest	11,664	1,874
Income management fee rebates	16,913	11,640
Unfranked income currency losses	(986)	(128)
<b>Total revenue</b>	<b>1,081,384</b>	<b>1,157,450</b>

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

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**4. Expenses**

	<b>31.03.18</b>	<b>31.03.17</b>
	£	£
<b>Payable to the Manager, associates of the Manager and agents of either:</b>		
Annual management charge	1,518,141	1,545,554
Registration fees	30,309	38,219
Administration fees	8,348	11,855
	<u>1,556,798</u>	<u>1,595,628</u>
<b>Payable to the Trustee, associates of the Trustee and agents of either:</b>		
Trustee's fees	67,325	66,475
Safe custody fees	4,867	4,632
	<u>72,192</u>	<u>71,107</u>
<b>Other expenses:</b>		
Audit fee	6,600	6,480
Tax fee	2,280	2,280
FCA fee	172	241
Other expenses	-	615
	<u>9,052</u>	<u>9,616</u>
<b>Total expenses</b>	<u><b>1,638,042</b></u>	<u><b>1,676,351</b></u>
	<b>31.03.18</b>	<b>31.03.17</b>
	£	£
<b>Fees payable to the Fund Auditor for the audit of the Fund's annual accounts:</b>		
Total audit fee	<u><b>6,600</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 2018

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

	<b>31.03.18</b>	<b>31.03.17</b>
	<b>£</b>	<b>£</b>
<b>Analysis of charge in the year</b>		
Irrecoverable income tax	2,664	-
<b>Total current tax for the year (see note 5(b))</b>	<b>2,664</b>	<b>-</b>
Deferred tax (see note 5(c))	-	-
<b>Total taxation for the year</b>	<b>2,664</b>	<b>-</b>

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

	<b>31.03.18</b>	<b>31.03.17</b>
	<b>£</b>	<b>£</b>
Net expense before taxation	(557,481)	(519,846)
Corporation tax at 20%	(111,496)	(103,969)
<b>Effects of:</b>		
Revenue not subject to taxation	(208,095)	(228,813)
Capital management fees rebates	2,822	2,388
Excess expenses for which no relief taken	316,769	330,394
<b>Current tax charge for the year (see note 5(a))</b>	<b>2,664</b>	<b>-</b>

**(c) Provision for deferred tax**

At 31 March 2018, the Fund had surplus management expenses of £15,026,528 (31 March 2017: £13,442,685). The deferred tax in respect of this would be £3,005,306 (31 March 2017: £2,688,537). 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)). Changes in tax laws and rates may affect recorded deferred tax assets and liabilities and the effective tax rate in the future.

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

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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>31.03.18</b>	<b>31.03.17</b>
	<b>£</b>	<b>£</b>
Final - Accumulation (31 March)	-	-
	-	-
<b>Other finance costs</b>		
	<b>31.03.18</b>	<b>31.03.17</b>
	<b>£</b>	<b>£</b>
Revenue deducted on cancellation of units	1,821	1,140
Revenue received on issue of units	(2,285)	(553)
<b>Net distribution for the year</b>	<b>(464)</b>	<b>587</b>
Interest	823	945
<b>Total finance costs</b>	<b>359</b>	<b>1,532</b>
<b>Reconciliation to net distribution for the year</b>		
Net expense after taxation for the year	(560,145)	(519,846)
Income currency gains/(losses)	2,144	(973)
Losses transferred to capital	557,537	521,406
<b>Net distribution for the year</b>	<b>(464)</b>	<b>587</b>

Details of the distributions per unit are set out in the distribution table on page 36.



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

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**7. Debtors**

	<b>31.03.18</b>	<b>31.03.17</b>
	£	£
Amounts receivable for issue of units	612,492	143,866
Sales awaiting settlement	-	4,285,463
Accrued revenue	522	592
Prepayments	2	1
Management fee rebates recoverable	5,872	7,106
<b>Total debtors</b>	<b>618,888</b>	<b>4,437,028</b>

**8. Cash and bank balances**

	<b>31.03.18</b>	<b>31.03.17</b>
	£	£
Cash and bank balances	17,112,832	7,310,942
<b>Total cash and bank balances</b>	<b>17,112,832</b>	<b>7,310,942</b>

**9. Creditors**

	<b>31.03.18</b>	<b>31.03.17</b>
	£	£
Amounts payable for cancellation of units	186,122	4,113,902
Accrued manager fees	124,997	146,061
Accrued registration fees	2,518	2,390
Accrued administration fees	667	1,088
Accrued trustee fees	5,234	6,401
Accrued custody fees	1,328	852
Accrued audit fees	6,600	6,480
Accrued tax fees	2,280	2,280
<b>Total creditors</b>	<b>329,746</b>	<b>4,279,454</b>

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

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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 FHH Limited Pension Scheme held 320,435 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 2018, one single unitholder held units amounting to approximately 40% 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 year:

	<b>Institutional Accumulation</b>
Opening units at the start of the year	110,349,230.086
Total creation of units in the year	9,850,037.826
Total cancellation of units in the year	<u>(7,870,086.037)</u>
<b>Closing units at the end of the year</b>	<b><u>112,329,181.875</u></b>
	<b>Retail Accumulation</b>
Opening units at the start of the year	23,875,669.255
Total creation of units in the year	1,041,143.492
Total cancellation of units in the year	<u>(4,992,763.195)</u>
<b>Closing units at the end of the year</b>	<b><u>19,924,049.552</u></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 19 and 20. The distributions per unit class are given in the distribution table on page 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. Both classes have the same rights on winding up.

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

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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 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	-	9,033	9,033	-	-	-
Japanese Yen	-	-	-	-	8,951	8,951
US Dollar	6,127	11,061	17,188	5,064	11,731	16,795

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 2018: 9.7% , 31 March 2017: 13.0%)

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 £1,860,437 (31 March 2017: £1,880,217). 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 £2,273,868 (31 March 2017: £2,298,043). 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 may 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. The fund did not invest in any bond funds during the period.

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

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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</b>	<b>Fixed rate financial assets</b>	<b>Financial assets not bearing interest</b>	<b>Floating rate financial liabilities</b>	<b>Financial liabilities not bearing interest</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>31.03.18</b>						
Euro	-	-	9,033	-	-	9,033
Sterling	10,986	-	172,959	-	(330)	183,615
US Dollar	6,127	-	11,431	-	(370)	17,188
<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

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 2018

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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 £19,243,366 (31 March 2017: £19,077,240). 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	12,844,783	13,566,469
Level 2: Observable Market Data	179,958,670	177,205,929
Level 3: Unobservable Data	-	-
	<u>192,803,453</u>	<u>190,772,398</u>

Valuation technique	INVESTMENT LIABILITIES	
	31 March 2018	31 March 2017
	£	£
Level 1: Quoted Prices	-	-
Level 2: Observable Market Data	369,793	-
Level 3: Unobservable Data	-	-
	<u>369,793</u>	<u>-</u>

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 loss of £369,793 (31 March 2017: £nil)

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

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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. In addition to direct transaction costs below, indirect costs are incurred through the bid-offer spread. It is not possible for the Manager to quantify these indirect costs. 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>31.03.18</b>		<b>31.03.17</b>	
	<b>£</b>		<b>£</b>	
<b>Analysis of total purchase costs</b>				
<b>PURCHASES</b>				
Collective Investment Schemes	69,759,248		38,769,000	
Equities	4,130,559		-	
Exchange Traded Funds	-		8,399,998	
Net purchases before direct transaction costs	<u>73,889,807</u>		<u>47,168,998</u>	
		<b>% of total</b>		
		<b>purchases</b>	<b>% of total</b>	
<b>DIRECT TRANSACTION COSTS</b>			<b>purchases</b>	
Equities	-	0.00%	-	0.00%
Exchange Traded Funds	-	0.00%	-	0.00%
Investment Trusts	-	0.00%	-	0.00%
Total direct transaction costs	-	0.00%	-	0.00%
<b>Gross purchases total</b>	<u><b>73,889,807</b></u>		<u><b>47,168,998</b></u>	
<b>Analysis of total sale costs</b>				
<b>SALES</b>				
Collective Investment Schemes	83,749,605		65,972,436	
Equities	4,130,559		-	
Exchange Traded Funds	1,052,238		-	
Investment Trusts	-		3,151,818	
Gross sales before direct transaction costs	<u>88,932,402</u>		<u>69,124,254</u>	
		<b>% of total</b>		
		<b>sales</b>	<b>% of total</b>	
<b>DIRECT TRANSACTION COSTS</b>			<b>sales</b>	
Exchange Traded Funds	(1,052)	0.00%	-	0.00%
Investment Trusts	-	0.00%	(6,308)	0.01%
Total direct transaction costs	<u>(1,052)</u>	0.00%	<u>(6,308)</u>	0.01%
<b>Net sales total</b>	<u><b>88,931,350</b></u>		<u><b>69,117,946</b></u>	

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

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

	<b>31.03.18</b>		<b>31.03.17</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>				
Exchange Traded Funds	1,052	0.00%	-	0.00%
Investment Trusts	-	0.00%	6,308	0.00%
Total direct transaction costs	<b>1,052</b>	<b>0.00%</b>	<b>6,308</b>	<b>0.00%</b>

**(b) Average portfolio dealing spread**

The average portfolio dealing spread of the investments at the balance sheet date was 0.02% (31 March 2017: 0.10%). 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 of the Retail Accumulation unit class has increased from 157.95p to 168.98p 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.

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**DISTRIBUTION TABLE**For the year ended 31 March 2018

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**Final Distribution (31 March 2018)**

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

Group 2 - Units purchased after 31 March 2017

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<b>Units</b>	<b>Revenue</b>	<b>Equalisation<sup>1</sup></b>	<b>Paid/ Acc -umulated 31.03.18</b>	<b>Paid/ Acc -umulated 31.03.17</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  
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 Taylor  
Mr G M Padbury  
Mr M Hughes (Non-Executive)

### 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  
64 St. James's Street  
Nottingham NG1 6FJ

Tel: 0115 988 8200  
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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