



T. Bailey Dynamic Fund

Annual Report & Audited Financial Statements

For the year ended 31 March 2019

CONTENTS

The Authorised Fund Manager and Investment Manager, Your Investments, Risk Profile, Synthetic Risk and Reward Indicator, Other Information	1
Authorised Status, Investment Objective and Policy, Ongoing Charges Figure.....	2
Changes to the Fund.....	3
Remuneration Policy of the Authorised Fund Manager.....	4
Statement of the Authorised Fund Manager's Responsibilities, Directors' Statement.....	6
Statement of Trustee's Responsibilities, Trustee's Report to the Unitholders of T. Bailey Dynamic Fund.....	7
Report of the Independent Auditor to the Unitholders of T. Bailey Dynamic Fund.....	8
Investment Review.....	11
Portfolio Statement.....	15
Summary of Fund Performance.....	18
Statement of Total Return, Statement of Change in Net Assets Attributable to Unitholders...	24
Balance Sheet.....	25
Notes to the Financial Statements.....	26
Distribution Table.....	41
Directory.....	45

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 11 to 14 and 'Directory' on page 45.

THE AUTHORISED FUND MANAGER AND INVESTMENT 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 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.tbaileys.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 (mainly 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.

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.

The Fund is 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.tbaileys.co.uk/funds/t-bailey-funds.

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

AUTHORISED STATUS

The Fund is governed by a Trust Deed made between the Manager and the Trustee dated 21 April 2006 as amended by supplemental trust deeds made between the same parties dated 10 January 2011, 21 October 2011, 23 August 2012, 7 September 2015, 17 March 2016, 25 July 2018 and 30 November 2018. 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.

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 collective 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.

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.

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 Trustee, 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 18 to 23.

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 Investment Manager has secured terms considerably more favourable than this.

CHANGES TO THE FUND

On 3 January 2019, the following changes were made to the Fund:

- The name of the existing Institutional Accumulation and Institutional Income unit classes were changed to A Accumulation and A Income.
- The name of the existing Retail Accumulation and Retail Income unit classes were changed to Z Accumulation and Z Income.
- Two brand new unit classes were launched called X Accumulation and X Income.

The following changes will also be made to the Fund from 7 August 2019 in order to comply with new FCA Rules:

- Update of Investment Objective and Policy wording
- Update to Benchmark disclosure wording
- Introduction of Compulsory Unit Class conversions

Please note that there is no change to the way in which the Fund is managed or the risk profile of the Fund as a result of these changes. The changes have been made solely for the purpose of providing investors with more granular detail on the investment objective and policy of the Scheme and making simplifications and clarifications where we consider this to be appropriate or helpful. The changes to the benchmark disclosure wording are aimed at increasing transparency for investors and to aid comparison. A letter was sent to unitholders on 4 July 2019 detailing these changes. We will write to unitholders again should we decide to give notice of any compulsory conversions although any conversions would only be effected where we believe it is in the best interest of unitholders to do so (e.g. moving them to a cheaper share class).

REMUNERATION POLICY OF THE AUTHORISED FUND MANAGER

Introduction and Scope

TBFS has policies and practices for those staff whose professional activities have a material impact on the risk profile of the combined activities of the Authorised Fund Manager. TBFS is a UCITS firm and is therefore subject to the UCITS Remuneration Code.

The Remuneration Policy of the Authorised Fund 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 firm;
- (iii) Encourages behaviour that delivers results which are aligned to the interests of TBFS's clients and the UCITS funds it manages;
- (iv) Aligns the interests of Code Staff with the long-term interests of TBFS's clients and the UCITS funds it manages;
- (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.

Decision making process for determining remuneration policy, link between pay and performance

There is no remuneration committee. The Board of T. Bailey Holdings Limited ('TBH'), TBFS's immediate parent company, oversees the setting and review of remuneration levels performed by the operating Board of TBFS. 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 and commission 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 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.

Policy on link between pay and performance

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 2018

Total Number of Staff	37
	£'000
Fixed	1,334
Variable	57
Total Remuneration Paid	1,391

Total remuneration paid by the Manager to Remuneration Code Staff for the year ended 30 September 2018

	Senior Management	Staff with Material Impact
Total Number of Staff	8	1
	£'000	£'000
Fixed	680	42
Variable	36	2
Total Remuneration Paid	716	44

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 26 July 2019.

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.

Gavin Padbury
Director of Operations
T. Bailey Fund Services Limited
Nottingham, United Kingdom
26 July 2019

Richard Taylor
Compliance Director
T. Bailey Fund Services Limited
Nottingham, United Kingdom
26 July 2019

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.

NatWest Trustee & Depositary Services Limited
London, United Kingdom
26 July 2019

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 Fund as at 31 March 2019 and of the net revenue and the net capital gains on the property of the Fund for the year ended 31 March 2019; 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:

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

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 Fund 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 Fund Manager's (AFM's) use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the AFM has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund'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.

Other information

The AFM 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 the Trustee and AFM

As explained more fully in the Statement of Trustee's responsibilities and the Statement of the Authorised Fund Manager's Responsibilities, the Trustee is responsible for the safeguarding of the property of the Fund and the AFM 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 AFM 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 AFM is responsible for assessing the Fund'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 AFM either intends to liquidate the Fund 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.

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 Fund have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information given in the AFM's report for the year ended 31 March 2019 is consistent with the financial statements.

Use of our report

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

Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
26 July 2019

INVESTMENT REVIEW

Performance

Cumulative returns for the periods ended 31 March 2019 (%)				
	1 year	3 years	5 years	
TBDYF – A Income	1.59	19.98	31.61	
TBDYF – Z Income	0.67	16.78	25.79	
IA Mixed Investment 20%-60% Shares Sector Average	2.86	17.10	24.02	
UK Inflation (CPI) +3%	4.96	16.68	24.43	

Discrete returns for the 12 month periods ended 31 March (%)					
	2019	2018	2017	2016	2015
TBDYF – A Income	1.59	4.22	13.32	(1.03)	10.83
TBDYF – Z Income	0.67	3.29	12.31	(1.92)	9.82
IA Mixed Investment 20%-60% Shares Sector Average	2.86	0.83	12.90	(2.46)	8.58
UK Inflation (CPI) +3%	4.96	5.51	5.36	3.54	2.99

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 (A Income Units) returned 1.59% net of all ongoing fees and charges over the twelve-month period to 31 March 2019. This short-term return was below the longer-term objective of the Fund which is to achieve UK Inflation +3% per annum which registered a rise of 4.96% over the period.

Clearly, being invested in financial assets brings with it the risk of financial loss or returns falling short of objectives. This can be particularly evident over shorter time periods. However, meaningful investment risks are necessary to achieve the longer-term objective of the Fund. Diversification across asset classes, geographies and investment themes can help towards mitigating some of these risks. In addition, the length of time invested makes a significant contribution to the overall outcome as investments are afforded the scope to grow, generate income and pay out dividends.

This is demonstrated in the longer-term returns achieved by the T. Bailey Dynamic Fund which compare favourably against both the Fund's objective and the returns achieved by its peers as shown in the tables above.

INVESTMENT REVIEW (CONTINUED)

Asset Class Performance

Asset Class	Index/Sector	6 months ended	1 year ended	3 years ended
		31 March 2019	31 March 2019	31 March 2019
		(%)	(%)	(%)
UK Equities	IA UK All Companies	(4.57)	2.86	24.54
Global Equities	IA Global	(2.74)	8.97	43.82
Emerging Equities	IA Global Emerging Markets	2.62	(1.52)	44.54
Corporate Bonds	IA Sterling Corporate Bond	3.35	2.96	14.01
Index Linked Gilts	IA UK Index Linked Gilts	8.12	6.03	27.96
Gilts	IA UK Gilts	5.31	3.49	11.71
Property	IA UK Direct Property	0.71	3.30	12.05

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

The period under review has been very much a tale of two halves. Whilst volatility and sharp falls in equity markets had once again become a feature entering in to the period, the opening six months to September 2018 saw strength return to equity markets. Admittedly, this varied widely by region. October 2018 then saw the largest monthly sell off in global equities since 2015. Record high market levels set the scene whilst Federal Reserve activity and trade war fears began a sharp shift in sentiment away from risk assets. This persisted through to the end of the calendar year. As these risks eased and US companies appeared to fare better than expected, a recovery surged through the first quarter of 2019.

Through the period government bond markets have offered some short-term rewards for those of a trading mentality to profit from shifts in wider risk appetite. However, rebased in to Sterling, these assets are expensive to buy and hold. Longer term, this poses a challenge to constructing a diversified portfolio that can deliver real rates of returns as these assets, historically deemed 'safe haven' assets, no longer reward as such.

Consequently, in building the T. Bailey Dynamic Fund portfolio we have become more creative, bringing together a wide range of diverse holdings. Each of these we consider 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 to exceed the overall UK Inflation +3% per annum objective.

INVESTMENT REVIEW (CONTINUED)

Asset Allocation

The asset allocations as at the period end are shown below:

Sector	Asset allocation as at 31 March 2019 (%)	Asset allocation as at 31 March 2018 (%)
Absolute Return	15.5	18.1
Diversifiers	21.5	17.4
Emerging Markets Equities	3.3	3.0
Fixed Income/Debt	16.1	11.5
Global and Thematic Equities	19.5	22.2
Japan Equities	3.4	4.0
Pacific Basin Ex Japan Equities	3.9	4.4
UK Equities	13.5	7.6
Forward Currency Contracts	(0.2)	0.5
Cash and Other	3.5	11.3
Total	100.0	100.0

The full list of holdings at the period end date is shown in the portfolio statement on pages 15 to 17.

Thus at the period-end the portfolio consisted of 37 holdings, not including cash and forward foreign exchange contracts, which equate to an average holding size of 2.6%.

During the first half of the period we marginally reduced the equity exposure of the Fund and favoured less volatile strategies. In the process we sold out of holdings in the L&G Robo Global Robotics & Automation, Polar Capital UK Value Opportunities and Invesco Perpetual Global Targeted Returns funds. In their place we introduced Schroder UK Dynamic Absolute Return, Muzinich Asian Credit Opportunities and MI Chelverton UK Equity Growth funds.

In the second half of the period, we further reduced exposure to absolute return equity selling out of the Jupiter Absolute Return and Merian Global Equity Absolute Return funds. In seeking to focus our global thematic exposure through funds differentiated from global indices, we exited our positions in the Pictet Security Fund and the Nordea Global Climate & Environment Fund.

Oversold valuations in the UK presented an opportunity to introduce the Man GLG Undervalued Assets Fund and the Merian Chrysalis Investment Company. Two new diversifiers include John Laing Environmental Assets and Tuffon Oceanic investment companies.

Outlook

The period under review has been characterised by turbulent market swings unseen since the Great Financial Crisis. Market strength punctuated by dramatic sell offs, recovery and heightened price volatility are in stark contrast to the benign market behaviour of preceding years. Since the period end these behaviours remain.

A shift from an initial view of synchronicity of economic growth to one of divergence across regions was fuelled and undone by multiple sentiment driven factors. The Federal Reserve's changing guidance on rates, fears of an overheated bull run, US shifting policy on tariffs and impending trade wars, ongoing Brexit uncertainty and dwindling support from global growth indicators have all contributed to a turbulent time for global markets.

INVESTMENT REVIEW (CONTINUED)

Whilst the second half of 2018 saw prices recalibrate continually reflecting negative news, investors seizing the opportunity to again participate in the markets has driven a recovery through Q1 2019 paving the way for more optimistic expectations for the second half of the year. We remain cautious.

Whilst socio political factors may begin to resolve or at least present some clarity, the fundamental economic growth environment remains largely unchanged. Inflationary pressures continue to build in economies approaching full capacity and the effects of supportive monetary policies of the past decade are abating.

Zombie companies kept afloat by central bank policy, those exposed to financial leverage or those who operate in industries prone to disruption or regulation, many of which make up vast swathes of large indices, are at risk of continued price volatility and permanent capital destruction.

However, we also believe there are other factors that stand apart from such short-term dynamics of capital markets. These are driven by the evolving needs of people across the world and therefore have a greater influence on the longer-term prospects for asset prices and transcend short-term changes in sentiment. Our focus on investment themes that span geographies and asset classes in areas such as aging demographics, environmental change and disruptive technologies seek to identify investments that will meet the increasing demand in these areas and form the basis of a portfolio that will preserve and grow capital over the medium-to-long term.

Elliot Farley
Fund Manager
T. Bailey Asset Management Limited
Nottingham, United Kingdom
26 July 2019

Peter Askew
Fund Manager
T. Bailey Asset Management Limited
Nottingham, United Kingdom
26 July 2019

PORTFOLIO STATEMENTAs at 31 March 2019

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Absolute Return (15.5%; 31.03.18 - 18.1%)		
226,431 Merian UK Specialist Equity	2,747,762	2.6
41,657 Odey European Focus Absolute Return	4,235,667	4.0
208,073 Polar Capital UK Absolute Equity	4,157,303	4.0
2,869,413 Schroder UK Dynamic Absolute Return	5,156,334	4.9
	<hr/> 16,297,066	<hr/> 15.5
Diversifiers (21.5%; 31.03.18 - 17.4%)		
300,000 Amedeo Air Four Plus	270,000	0.3
575,000 Bluefield Solar Income	753,250	0.7
834,747 ETFS Aluminium	1,914,123	1.8
133,129 ETFS Copper	2,768,797	2.6
31,775 ETFS Gold Bullion Securities	2,968,592	2.8
2,243,540 Hadrians Wall	2,108,928	2.0
1,600,000 Impact Healthcare REIT	1,680,000	1.6
1,800,000 John Laing Environmental Assets	1,989,000	1.9
1,840,000 LXI REIT	2,272,400	2.2
867,857 Phaunos Timber	312,921	0.3
2,058,608 RM Secured Direct Lending	2,058,608	2.0
251,180 SQN Asset Finance Income C Shares	232,342	0.2
1,218,450 SQN Asset Finance Income	1,135,595	1.1
2,675,000 Tufton Oceanic Assets	2,113,732	2.0
	<hr/> 22,578,288	<hr/> 21.5
Emerging Market Equities (3.3%; 31.03.18 - 3.0%)		
2,054,251 MI Somerset Emerging Markets Dividend Growth	3,467,369	3.3
	<hr/> 3,467,369	<hr/> 3.3

PORTFOLIO STATEMENT (CONTINUED)As at 31 March 2019

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Fixed Income and Debt (16.1%; 31.03.18 - 11.5%)		
54,650 Muzinich Asia Credit Opportunities	5,308,139	5.0
4,959,457 Royal London Short Duration Global High Yield Bond	5,249,090	5.0
1,271,530 TwentyFour Select Monthly Income	1,159,635	1.1
46,792 Vontobel TwentyFour Absolute Return Credit	5,267,343	5.0
	<hr/> 16,984,207	<hr/> 16.1
Global and Thematic Equities (19.5%; 31.03.18 - 22.2%)		
538,972 IP Group	473,217	0.5
2,196,741 Lazard Global Listed Infrastructure Equity	4,188,745	4.0
537,407 Polar Capital Global Insurance	3,543,984	3.4
84,289 Polar Capital Healthcare Opportunities	3,296,532	3.1
28,984 RobecoSAM Smart Materials	4,775,050	4.5
2,010,478 Sarasin Food & Agriculture Opportunities	4,242,108	4.0
	<hr/> 20,519,636	<hr/> 19.5
Japan Equities (3.4%; 31.03.18 - 4.0%)		
1,412,772 JPM Japan	3,546,058	3.4
	<hr/> 3,546,058	<hr/> 3.4
Pacific Basin Ex Japan Equities (3.9%; 31.03.18 - 4.4%)		
4,523 Alquity Indian Subcontinent	777,467	0.7
42,162 Matthews Asia India	823,839	0.8
18,113 Prusik Asian Equity Income	2,534,089	2.4
	<hr/> 4,135,395	<hr/> 3.9

PORTFOLIO STATEMENT (CONTINUED)

As at 31 March 2019

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
UK Equities		
(13.5%; 31.03.18 - 7.6%)		
2,548,165 LF Gresham House UK Micro Cap	4,161,918	4.0
2,631,579 Man GLG UK Undervalued Assets	4,252,632	4.0
1,250,000 Merian Chrysalis	1,362,500	1.3
2,073,964 MI Chelverton UK Equity Growth	4,363,621	4.2
	14,140,671	13.5
	Unrealised	Percentage
	Gain/(loss)	of total net
	value	assets
	£	%
Forward Currency Contracts		
(-0.2%; 31.03.18 - 0.5%)		
£16,975,674 Forward FX GBP v \$22,631,120 (expires 19.06.19)*	(228,231)	-0.2
	(228,231)	-0.2
Portfolio of investments	101,440,459	96.5
Net other assets	3,679,385	3.5
Total net assets	105,119,844	100.0

* disclosed as investment liabilities in the Balance Sheet.

Asset Class	Asset class allocation as at 31 March 2019 (%)	Asset class allocation as at 31 March 2018 (%)
Collective Investment Schemes	72.3	65.3
Exchange Traded Funds	7.2	11.1
Investment Trusts	16.7	11.1
Equities	0.5	0.7
Forward Currency Contracts	(0.2)	0.5
Cash and Other	3.5	11.3
Total	100.0	100.0

SUMMARY OF FUND PERFORMANCE

A Income Units	1 April 2018 to 31 March 2019 (pence per unit)	1 April 2017 to 31 March 2018 (pence per unit)	1 April 2016 to 31 March 2017 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	62.02	59.84	53.80
Return before operating charges*	1.40	3.30	7.37
Operating charges	(0.43)	(0.42)	(0.40)
Return after operating charges*	0.97	2.88	6.97
Distributions on income units	(0.79)	(0.70)	(0.93)
Closing net asset value per unit	62.20	62.02	59.84
* after direct transaction costs of:	0.00	0.01	0.00
Performance			
Return after charges	1.56%	4.81%	12.96%
Other information			
Closing net asset value	£27,187,252	£26,189,751	£23,120,068
Closing number of units	43,706,897	42,229,174	38,634,703
Operating charges (p.a.)	1.38%	1.36%	1.38%
Direct transaction costs (p.a.)	0.00%	0.01%	0.01%
Prices			
Highest published unit price	64.51	64.61	60.33
Lowest published unit price	60.07	59.87	53.37

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)

A Accumulation Units	1 April 2018 to 31 March 2019	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
	(pence per unit)	(pence per unit)	(pence per unit)
Change in net assets per unit			
Opening net asset value per unit	79.77	76.11	67.33
Return before operating charges*	1.81	4.20	9.29
Operating charges	(0.55)	(0.54)	(0.51)
Return after operating charges*	1.26	3.66	8.78
Distributions	(1.01)	(0.89)	(1.15)
Retained distributions on accumulation units	1.01	0.89	1.15
Closing net asset value per unit	81.03	79.77	76.11
* after direct transaction costs of:	0.00	0.01	0.00
Performance			
Return after charges	1.58%	4.81%	13.04%
Other information			
Closing net asset value	£74,491,376	£60,129,520	£42,996,940
Closing number of units	91,930,257	75,379,195	56,491,453
Operating charges (p.a.)	1.38%	1.36%	1.38%
Direct transaction costs (p.a.)	0.00%	0.01%	0.01%
Prices			
Highest published unit price	82.97	82.85	76.41
Lowest published unit price	77.74	76.14	66.78

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)

Z Income Units	1 April 2018 to 31 March 2019	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
	(pence per unit)	(pence per unit)	(pence per unit)
Change in net assets per unit			
Opening net asset value per unit	56.26	54.77	49.69
Return before operating charges*	1.27	3.01	6.78
Operating charges	(0.90)	(0.89)	(0.84)
Return after operating charges*	0.37	2.12	5.94
Distributions on income units	(0.72)	(0.63)	(0.86)
Closing net asset value per unit	55.91	56.26	54.77
* after direct transaction costs of:	0.00	0.01	0.00
Performance			
Return after charges	0.66%	3.87%	11.95%
Other information			
Closing net asset value	£379,176	£482,040	£401,404
Closing number of units	678,131	856,755	732,892
Operating charges (p.a.)	2.28%	2.26%	2.28%
Direct transaction costs (p.a.)	0.00%	0.01%	0.01%
Prices			
Highest published unit price	58.42	58.70	55.24
Lowest published unit price	54.12	54.77	49.19

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)

Z Accumulation Units	1 April 2018 to 31 March 2019	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017
	(pence per unit)	(pence per unit)	(pence per unit)
Change in net assets per unit			
Opening net asset value per unit	72.66	69.95	62.44
Return before operating charges*	1.65	3.85	8.57
Operating charges	(1.16)	(1.14)	(1.06)
Return after operating charges*	0.49	2.71	7.51
Distributions	(0.93)	(0.81)	(1.09)
Retained distributions on accumulation units	0.93	0.81	1.09
Closing net asset value per unit	73.15	72.66	69.95
* after direct transaction costs of:	0.00	0.01	0.00
Performance			
Return after charges	0.67%	3.87%	12.03%
Other information			
Closing net asset value	£2,958,322	£3,168,230	£2,244,847
Closing number of units	4,044,213	4,360,143	3,209,238
Operating charges (p.a.)	2.28%	2.26%	2.28%
Direct transaction costs (p.a.)	0.00%	0.01%	0.01%
Prices			
Highest published unit price	75.44	75.59	70.25
Lowest published unit price	70.34	69.95	61.81

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)

X Income Units	3 January 2019 ¹
	31 March 2019 (pence per unit)
Change in net assets per unit	
Opening net asset value per unit	60.13
Return before operating charges*	2.43
Operating charges	(0.14)
Return after operating charges*	2.29
Distributions on income units	(0.11)
Closing net asset value per unit	62.31
* after direct transaction costs of:	0.00
Performance	
Return after charges	3.81%
Other information	
Closing net asset value	£51,814
Closing number of units	83,153
Operating charges (p.a.)	1.38%
Direct transaction costs (p.a.)	0.00%
Prices	
Highest published unit price	62.46
Lowest published unit price	60.13

¹The X Income unit class was launched on 3 January 2019.

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)

X Accumulation Units	3 January 2019¹
	31 March 2019 (pence per unit)
Change in net assets per unit	
Opening net asset value per unit	78.06
Return before operating charges*	3.15
Operating charges	(0.18)
Return after operating charges*	2.97
Distributions	(0.14)
Retained distributions on accumulation units	0.14
Closing net asset value per unit	81.03
* after direct transaction costs of:	0.00
Performance	
Return after charges	3.80%
Other information	
Closing net asset value	£51,904
Closing number of units	64,053
Operating charges (p.a.)	1.38%
Direct transaction costs (p.a.)	0.00%
Prices	
Highest published unit price	81.09
Lowest published unit price	78.06

¹ The X Accumulation unit class was launched on 3 January 2019.

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 RETURN
For the year ended 31 March 2019

	Notes	£	31.03.19 £	31.03.18 £
Income				
Net capital gains	2		765,339	2,954,805
Revenue	3	1,303,839		949,069
Expenses	4	(717,527)		(579,960)
Interest payable and similar charges	6	(1,466)		(2,551)
Net revenue before taxation		584,846		366,558
Taxation	5	(453)		(2,527)
Net revenue after taxation			584,393	364,031
Total return before distributions			1,349,732	3,318,836
Distributions	6		(1,255,970)	(895,293)
Change in net assets attributable to unitholders from investment activities			93,762	2,423,543

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
For the year ended 31 March 2019

	Notes	£	31.03.19 £	31.03.18 £
Opening net assets attributable to unitholders			89,969,541	68,763,259
<i>Movements due to sales and repurchases of units:</i>				
Amounts receivable on issue of units		21,816,838		41,961,969
Amounts payable on cancellation of units		(7,695,812)		(23,822,718)
			14,121,026	18,139,251
Change in net assets attributable to unitholders from investment activities			93,762	2,423,543
Retained distributions on accumulation units	6		935,515	643,488
Closing net assets attributable to unitholders			105,119,844	89,969,541

BALANCE SHEET
As at 31 March 2019

	Notes	31.03.19 £	31.03.18 £
Assets:			
Fixed assets:			
Investments		101,668,690	79,816,381
Current assets:			
Debtors	7	124,007	602,940
Cash and bank balances	8	3,971,804	10,468,885
Total assets		105,764,501	90,888,206
Liabilities:			
Investment liabilities		228,231	-
Creditors:			
Distribution payable on income units	6	92,658	78,710
Other creditors	9	323,768	839,955
Total liabilities		644,657	918,665
Net assets attributable to unitholders		105,119,844	89,969,541

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2019

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 Fund operates.

(c) Recognition of revenue

Dividends and distributions on holdings, net of any irrecoverable withholding tax, are recognised when the underlying transferable security or collective investment scheme is quoted ex-dividend or ex-distribution. Bank interest and revenue 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 accruals 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 2019

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 is distributed 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 Manager, 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 2019

2. Net capital gains

	31.03.19	31.03.18
	£	£
Non-derivative securities	889,372	2,953,808
Currency gains/(losses)	198,138	(1,201,188)
Forward currency contracts (losses)/gains	(367,682)	1,171,960
Transaction charges	(488)	(513)
Equalisation on UK distributions	42,612	26,872
Capital management fee rebates	3,387	3,866
Net capital gains	765,339	2,954,805

3. Revenue

	31.03.19	31.03.18
	£	£
UK franked distributions	336,949	237,636
UK unfranked distributions	292,917	223,015
UK franked dividends	111,211	15,389
UK unfranked dividends	144,858	164,977
Overseas dividends	413,652	304,339
Bank interest	390	61
Revenue management fee rebates	3,978	3,925
Unfranked revenue currency losses	(116)	(273)
Total revenue	1,303,839	949,069

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2019

4. Expenses

	31.03.19	31.03.18
	£	£
Payable to the Manager, associates of the Manager and agents of either:		
Annual management charge	630,392	506,807
Registration fees	25,848	16,364
Administration fees	9,999	9,847
	<u>666,239</u>	<u>533,018</u>
Payable to the Trustee, associates of the Trustee and agents of either:		
Trustee's fees	39,629	35,604
Safe custody fees	2,227	1,872
	<u>41,856</u>	<u>37,476</u>
Other expenses:		
Audit fee	6,822	6,600
Tax fee	2,352	2,280
FCA fee	174	172
Other expenses	84	414
	<u>9,432</u>	<u>9,466</u>
Total expenses	<u><u>717,527</u></u>	<u><u>579,960</u></u>
	31.03.19	31.03.18
	£	£
Fees payable to the Fund auditor for the audit of the Fund's annual financial statements:		
Total audit fee	<u>6,822</u>	<u>6,600</u>
Total non audit fees - Tax compliance services	<u>2,352</u>	<u>2,280</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2019

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

	31.03.19	31.03.18
	£	£
Analysis of charge in the year		
Irrecoverable income tax	453	2,527
Total current tax for the year (see note 5(b))	<u>453</u>	<u>2,527</u>
Deferred tax (see note 5(c))	-	-
Total taxation for the year	<u>453</u>	<u>2,527</u>

Corporation tax has been provided at a rate of 20% (31 March 2018: 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:

	31.03.19	31.03.18
	£	£
Net revenue before taxation	<u>584,846</u>	<u>366,558</u>
Corporation tax at 20%	116,969	73,312
Effects of:		
Revenue not subject to taxation	(172,362)	(111,473)
Capital management fees	677	773
Excess expenses for which no relief taken	54,716	37,388
Irrecoverable income tax	453	2,527
Current tax charge for the year (see note 5(a))	<u>453</u>	<u>2,527</u>

(c) Provision for deferred tax

At 31 March 2019, the Fund had surplus management expenses of £730,059 (31 March 2018: £456,482). The deferred tax in respect of this would be £146,012 (31 March 2018: £91,296). 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 2019

6. Distributions

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

	31.03.19	31.03.18
	£	£
Interim - Income (30 Jun)	63,610	51,179
Interim - Income (30 Sep)	89,210	100,007
Interim - Income (31 Dec)	105,152	52,570
Final - Income (31 Mar)	92,658	78,710
	<hr/> 350,630	<hr/> 282,466
Interim - Accumulation (30 Jun)	156,043	113,184
Interim - Accumulation (30 Sep)	239,256	227,958
Interim - Accumulation (31 Dec)	286,352	119,081
Final - Accumulation (31 Mar)	253,864	183,265
	<hr/> 935,515	<hr/> 643,488
Add: Revenue deducted on cancellation of units	14,963	60,409
Deduct: Revenue received on issue of units	(45,138)	(91,070)
Net distribution for the year	<hr/> 1,255,970	<hr/> 895,293
Interest	1,466	2,551
Total finance costs	<hr/> 1,257,436	<hr/> 897,844
Reconciliation to net distribution for the year		
Net revenue after taxation for the year	584,393	364,031
Expenses allocated to capital, net of tax relief	625,803	500,019
Realised revenue currency (losses)/gains	(225)	505
Equalisation on UK distributions	42,612	26,872
Capital management fee rebates	3,387	3,866
Net distribution for the year	<hr/> 1,255,970	<hr/> 895,293

Details of the distributions per unit are set out in the distribution tables on pages 41 to 44.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2019

7. Debtors

	31.03.19	31.03.18
	£	£
Amounts receivable for issue of units	121,735	583,742
Accrued revenue	-	8,040
Prepayments	-	2
Income tax recoverable	-	7,388
Management fee rebates recoverable	2,272	3,768
Total debtors	124,007	602,940

8. Cash and bank balances

	31.03.19	31.03.18
	£	£
Cash and bank balances	3,971,804	10,468,885
Total cash and bank balances	3,971,804	10,468,885

9. Other creditors

	31.03.19	31.03.18
	£	£
Amounts payable for cancellation of units	255,394	37,709
Purchases awaiting settlement	-	742,110
Accrued managers fees	52,180	45,371
Accrued registration fees	1,894	1,656
Accrued administration fees	780	784
Accrued trustee fees	3,279	2,899
Accrued custody fees	624	546
Accrued audit fees	6,822	6,600
Accrued tax fees	2,352	2,280
Accrued FCA fees	15	-
Debit interest payable	428	-
Total creditors	323,768	839,955

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2019

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 following unitholders, regarded as related parties of either the Trustee or Manager, held units in the Fund:

- FHH Limited Pension Scheme (19,820,982 units)
- T. Bailey Asset Management Limited (1,383,974 units)

There were no other units held by the Trustee or associates of either the Manager or the Trustee.

As at 31 March 2019, there were no unitholders that held units amounting to over 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 2019

11. Unit classes

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

	A Income
Opening units at the start of the year	42,229,173.754
Total creation of units in the year	5,309,918.286
Total cancellation of units in the year	(3,832,195.329)
Closing units at the end of the year	43,706,896.711

	Z Income
Opening units at the start of the year	856,755.037
Total creation of units in the year	42,763.815
Total cancellation of units in the year	(221,387.771)
Closing units at the end of the year	678,131.081

	X Income
Opening units at the start of the year	-
Total creation of units in the year	83,153.168
Total cancellation of units in the year	-
Closing units at the end of the year	83,153.168

	A Accumulation
Opening units at the start of the year	75,379,194.903
Total creation of units in the year	21,956,988.946
Total cancellation of units in the year	(5,405,926.627)
Closing units at the end of the year	91,930,257.222

	Z Accumulation
Opening units at the start of the year	4,360,142.847
Total creation of units in the year	827,261.667
Total cancellation of units in the year	(1,143,191.119)
Closing units at the end of the year	4,044,213.395

	X Accumulation
Opening units at the start of the year	-
Total creation of units in the year	64,053.292
Total cancellation of units in the year	-
Closing units at the end of the year	64,053.292

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2019

11. Unit classes (continued)

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

A Income	0.60% p.a.
Z Income	1.50% p.a.
X Income	0.60% p.a.*
A Accumulation	0.60% p.a.
Z Accumulation	1.50% p.a.
X Accumulation	0.60% p.a.*

* The X Income and X accumulation unit classes were launched on 3 January 2019.

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 18 to 23. The distributions per unit class are given in the distribution tables on pages 41 to 44. 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.

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 2019			Net foreign currency assets at 31 March 2018		
	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	-	12,612	12,612	-	9,542	9,542

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2019

12. Risk management policies (continued)**(a) Currency exposures (continued)**

The Investment Manager has used forward currency contracts throughout the period to help manage the currency exposure.

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 £1,146,569 (31 March 2018: £1,350,794). 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 £1,401,362 (31 March 2018: £1,105,195). 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.

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 £'000	Fixed rate financial assets £'000	Financial assets not bearing interest £'000	Floating rate financial liabilities £'000	Financial liabilities not bearing interest £'000	Total £'000
31.03.19						
Sterling	3,972	-	89,181	-	(645)	92,508
US Dollar	-	-	12,612	-	-	12,612
31.03.18						
Euro	-	-	2,616	-	-	2,616
Sterling	10,469	-	68,262	-	(919)	77,812
US Dollar	-	-	9,542	-	-	9,542

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2019

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2019

12. Risk management policies (continued)**(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 £10,144,046 (31 March 2018: £7,981,638). This calculation assumes all other variables remain constant.

(f) Fair value of financial assets and liabilities

Valuation technique	INVESTMENT ASSETS	
	31 March 2019	31 March 2018
	£	£
Level 1: Quoted Prices	25,573,640	20,618,006
Level 2: Observable Market Data	76,095,050	59,198,375
Level 3: Unobservable Data	-	-
	<u>101,668,690</u>	<u>79,816,381</u>

Valuation technique	INVESTMENT LIABILITIES	
	31 March 2019	31 March 2018
	£	£
Level 1: Quoted Prices	-	-
Level 2: Observable Market Data	228,231	-
Level 3: Unobservable Data	-	-
	<u>228,231</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 £228,231 (31 March 2018: Unrealised gain of £483,707).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

 As at 31 March 2019

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 AFM 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:

	31.03.19		31.03.18	
	£		£	
Analysis of total purchase costs				
PURCHASES				
Collective Investment Schemes	45,086,626		23,096,612	
Equities	-		1,234,117	
Exchange Traded Funds	499,355		4,483,527	
Investment Trusts	8,309,267		7,911,588	
Net purchases before direct transaction costs	53,895,248		36,725,844	
		% of total		% of total
DIRECT TRANSACTION COSTS		purchases		purchases
Equities	-	0.00%	687	0.00%
Exchange Traded Funds	499	0.00%	460	0.00%
Investment Trusts	72	0.00%	4,223	0.01%
Total direct transaction costs	571	0.00%	5,370	0.01%
Gross purchases total	53,895,819		36,731,214	
Analysis of total sale costs				
SALES				
Collective Investment Schemes	28,829,717		12,262,028	
Equities	-		892,722	
Exchange Traded Funds	3,203,939		1,630,122	
Investment Trusts	1,440,448		8,550,993	
Gross sales before direct transaction costs	33,474,104		23,335,865	
		% of total		% of total
DIRECT TRANSACTION COSTS		sales		sales
Exchange Traded Funds	(3,204)	0.01%	-	0.00%
Investment Trusts	-	0.00%	(5,109)	0.02%
Total direct transaction costs	(3,204)	0.01%	(5,109)	0.02%
Net sales total	33,470,900		23,330,756	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)As at 31 March 2019

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

	31.03.19		31.03.18	
		% of		% of
	£ average NAV		£ average NAV	
Analysis of total direct transaction costs				
Equities	-	0.00%	687	0.00%
Exchange Traded Funds	3,703	0.00%	460	0.00%
Investment Trusts	72	0.00%	9,332	0.01%
Total direct transaction costs	<u>3,775</u>	<u>0.00%</u>	<u>10,479</u>	<u>0.01%</u>

(b) Average portfolio dealing spread

The average portfolio dealing spread of the investments at the balance sheet date was 0.40% (31 March 2018: 0.25%). 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 2018: £nil).

15. Post balance sheet events

Subsequent to the year-end, the net asset value per unit for the Z Accumulation unit class has increased from 73.15p to 74.87p as at 16 July 2019. 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 2019

Interim Distribution (30 June 2018)

Group 1 - Units purchased on or prior to 31 March 2018

Group 2 - Units purchased after 31 March 2018

Units	Revenue	Equalisation ¹	Paid/Accumulated 31.08.18	Paid/Accumulated 31.08.17
	(pence)	(pence)	(pence)	(pence)
A Income				
Group 1	0.1446	-	0.1446	0.1316
Group 2	0.0652	0.0794	0.1446	0.1316
Z Income				
Group 1	0.1309	-	0.1309	0.1204
Group 2	0.0648	0.0661	0.1309	0.1204
A Accumulation				
Group 1	0.1860	-	0.1860	0.1674
Group 2	0.0876	0.0984	0.1860	0.1674
Z Accumulation				
Group 1	0.1693	-	0.1693	0.1537
Group 2	0.0925	0.0768	0.1693	0.1537

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 2019

Interim Distribution (30 September 2018)

Group 1 - Units purchased on or prior to 30 June 2018

Group 2 - Units purchased after 30 June 2018

Units	Revenue	Equalisation ¹	Paid/Accumulated 30.11.18	Paid/Accumulated 30.11.17
	(pence)	(pence)	(pence)	(pence)
A Income				
Group 1	0.2009	-	0.2009	0.2572
Group 2	0.0766	0.1243	0.2009	0.2572
Z Income				
Group 1	0.1817	-	0.1817	0.2347
Group 2	0.0464	0.1353	0.1817	0.2347
A Accumulation				
Group 1	0.2591	-	0.2591	0.3278
Group 2	0.0581	0.2010	0.2591	0.3278
Z Accumulation				
Group 1	0.2353	-	0.2353	0.3004
Group 2	0.1041	0.1312	0.2353	0.3004

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 2019

Interim Distribution (31 December 2018)

Group 1 - Units purchased on or prior to 30 September 2018

Group 2 - Units purchased after 30 September 2018

Units	Revenue (pence)	Equalisation ¹ (pence)	Paid/Accumulated 28.02.19 (pence)	Paid/Accumulated 28.02.18 (pence)
A Income				
Group 1	0.2335	-	0.2335	0.1270
Group 2	0.1384	0.0951	0.2335	0.1270
Z Income				
Group 1	0.2107	-	0.2107	0.1157
Group 2	0.0849	0.1258	0.2107	0.1157
A Accumulation				
Group 1	0.3021	-	0.3021	0.1625
Group 2	0.0853	0.2168	0.3021	0.1625
Z Accumulation				
Group 1	0.2736	-	0.2736	0.1481
Group 2	0.1289	0.1447	0.2736	0.1481

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 2019

Final Distribution (31 March 2019)

Group 1 - Units purchased on or prior to 31 December 2018

Group 2 - Units purchased after 31 December 2018

Units	Revenue	Equalisation ¹	Paid/Accumulated	Paid/Accumulated
	(pence)	(pence)	31.05.19 (pence)	31.05.18 (pence)
A Income				
Group 1	0.2087	-	0.2087	0.1830
Group 2	0.0625	0.1462	0.2087	0.1830
Z Income				
Group 1	0.1961	-	0.1961	0.1624
Group 2	0.1249	0.0712	0.1961	0.1624
X Income				
Group 1	0.1080	-	0.1080	N/A
Group 2	0.1080	-	0.1080	N/A
A Accumulation				
Group 1	0.2648	-	0.2648	0.2310
Group 2	0.1003	0.1645	0.2648	0.2310
Z Accumulation				
Group 1	0.2542	-	0.2542	0.2092
Group 2	0.0655	0.1887	0.2542	0.2092
X Accumulation				
Group 1	0.1403	-	0.1403	N/A
Group 2	0.1403	-	0.1403	N/A

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

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Dealing line: 0115 988 8213
Website: www.tbaileyfs.co.uk/funds/t-bailey-funds

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Directors of the Authorised Fund Manager

Mrs H C Stevens
Mr R J Taylor
Mr G M Padbury
Mrs R E Elliott
Mr M Hughes (Non-executive)
Mrs A Troup (Non-executive)

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