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T. Bailey Dynamic Fund

Interim Report & Financial Statements (Unaudited)

For the six-month period ended 30 September 2019

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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 5 to 7 and 'Directory' on page 22.*



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## THE AUTHORISED FUND MANAGER AND INVESTMENT MANAGER

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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](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 Adviser. Alternatively, you can telephone the dealing line; 0115 988 8213, during normal office hours. Application forms can be requested in writing from the Manager or by calling the Client Services Team on the dealing line. They can also be downloaded from the website: [www.tbaileyfs.co.uk/funds/t-bailey-funds](http://www.tbaileyfs.co.uk/funds/t-bailey-funds). The Fund is eligible for ISA investments/transfers and are 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 (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.

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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.

The Fund is in risk category 4 because it invests in a variety of asset classes but with a bias towards shares.

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## OTHER INFORMATION

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

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

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## AUTHORISED STATUS

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The Fund is governed by a Trust Deed made between the Manager and the Trustee dated 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, 30 November 2018 and 7 August 2019.

The Fund is an authorised unit trust scheme and is a UCITS scheme as defined in the Glossary to the FCA 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 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 T. Bailey Dynamic Fund aims to outperform the Consumer Price Index plus 3% per annum, over rolling periods of 3 years.

Typically, at least 80% of the Fund will be invested in other collective investment vehicles including those managed or operated by the Manager and its associates.

Through investments in these other funds, the Fund is exposed to a range of asset classes such as equities, government and corporate debt, money market instruments, currencies, property, commodities, infrastructure, deposits, cash and near cash on both a UK and a global basis. The Fund is actively managed, taking into account the Investment Manager's views on growth opportunities and investment themes.

Investment themes driving the selection of assets include areas where demand is robust and is likely to exceed supply for the foreseeable future (for example, technology, healthcare, materials, sustainability). This focus on global themes highlights higher growth opportunities irrespective of geography.

The weighting of the asset classes to which the Fund is exposed may be varied depending on the Investment Manager's views in the context of achieving the investment objective and at any one time the Fund may be exposed to a diversified range of asset classes, sectors, currencies or geographies in various proportions.

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

To the extent not fully invested in collective investment vehicles, the Fund may invest directly in other equities, debt instruments, money market instruments, cash and near cash.

Derivatives may be used for efficient portfolio management purposes to reduce risk or cost or to generate additional capital or revenue.

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## FUND BENCHMARKS

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The Consumer Price Index plus 3% per annum is a measure of UK inflation, and so is considered an appropriate measure of what constitutes a return in real terms.

The Consumer Price Index plus 3% per annum is a Target Benchmark of the Fund.

Unitholders may wish to compare the Fund's performance against other funds within the Investment Association (IA) Mixed Investment 20%-60% Shares Sector as that will give investors an indication of how the Fund is performing compared with others investing in a similar but not identical investment universe. As the sector aligns with the Fund's asset allocation, it is considered that this is an appropriate comparator.

The IA Mixed Investment 20%-60% Shares Sector is a Comparator Benchmark of the Fund.

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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 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 11 to 16.

*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.*

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## STATEMENT OF THE AUTHORISED FUND MANAGER'S RESPONSIBILITIES

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The Authorised Fund Manager ("the Manager") of the T. Bailey Dynamic Fund ("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 or expense and the net capital gains or losses on the property of the Fund for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the IA SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

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

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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 29 November 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**  
**29 November 2019**



## INVESTMENT REVIEW

### Performance

Cumulative returns for the periods ended 30 September 2019 (%)				
	6 months	1 year	3 years	5 years
TBDYF – A Income	2.33	0.56	13.66	31.65
TBDYF – Z Income	1.87	(0.35)	10.63	25.86
IA Mixed Investment 20%-60% Shares Sector Mean	4.74	4.01	13.28	27.41
UK Consumer Price Index +3% per annum	2.91	4.83	17.25	25.38

  

Discrete returns for the 12 month periods ended 30 September (%)					
	2019	2018	2017	2016	2015
TBDYF – A Income	0.56	3.51	9.19	10.81	4.54
TBDYF – Z Income	(0.35)	2.58	8.23	9.82	3.59
IA Mixed Investment 20%-60% Shares Mean	4.01	2.60	6.15	12.11	0.32
UK Consumer Price Index +3% per annum	4.83	5.47	6.05	3.93	2.90

  

Rolling returns for the 3 year periods ended 30 September (%)					
	2019	2018	2017	2016	2015
TBDYF – A Income	13.66	25.24	26.48	22.49	24.03
TBDYF – Z Income	10.63	21.92	23.12	19.28	20.99
IA Mixed Investment 20%-60% Shares Mean	13.28	22.11	19.40	18.21	14.48
UK Consumer Price Index +3% per annum	17.25	16.24	13.41	11.50	13.47

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.

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## INVESTMENT REVIEW (CONTINUED)

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The T. Bailey Dynamic Fund (A Income Units) returned 2.3% over the six-month period to 30 September 2019. This short-term return was marginally behind the longer-term objective of the Fund to achieve UK Inflation (Consumer Price Index) +3% per annum which registered a rise of 2.9% over the six-month period.

Generally, the outlook for the global economy and financial markets through the period has been subdued. Economic growth has been slow across developed and emerging economies. Accordingly, 'safe' bonds have seen yields fall further and prices rise accordingly. Yet the volatility of such assets has been on the rise as, given their low or even negative yields, their returns are driven by sentiment towards price and rely on the 'greater fool' theory that a buyer willing to pay a higher price will be found in the future.

Unsurprisingly, given the economic background, corporate earnings have been weak. This has been particularly notable in industrial sectors. Yet, curiously, in aggregate, equity markets have delivered high single digit returns over the six-month period.

This has proved challenging for us in managing the T. Bailey Dynamic Fund as mainstream equity and bond assets have become ever more expensive and consequently, in our view, are less likely to support the longer-term performance objective of the Fund in its aim to achieve a return of the Consumer Price Index + 3% per annum. Thus in recent periods we have sought to broaden the return drivers of the portfolio away from reliance on mainstream financial markets and towards a more diverse portfolio with less correlation to broader markets yet one that collectively can deliver a real rate of return commensurate with the longer-term performance objective of the Fund.

Thus, the portfolio now consists of 36 holdings (not including cash and forward foreign exchange contracts). The portfolio uses forward foreign exchange contracts to hedge foreign currency risk, conscious of our return objectives in Sterling for UK investors. This equates to an average holding size of 2.7%. Individual holding sizes are a function of several factors including our conviction on the opportunity, an evaluation of risk, a desire to maintain diversification and our assessment of liquidity. As a result, the largest holding in the portfolio represents 5.8% of net assets.

During the period we sold out of the holding in the Robeco SAM Smart Materials Fund which was one of the holdings more sensitive to the direction of global equity markets in the portfolio. In its place we introduced the VT Halo Global Asian Consumer Fund which seeks to generate returns from companies that derive earnings from growth in the Asian middle classes and the corresponding rise in consumption patterns for the region.

On balance the portfolio has also shifted towards the UK where domestic issues have been a constraint on equity valuations and provide a relative opportunity to hold more assets in the base currency of the Fund.

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## INVESTMENT REVIEW (CONTINUED)

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### Asset Allocation

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

Sector	Asset allocation as at 30 September 2019 (%)	Asset allocation as at 31 March 2019 (%)
Absolute Return	16.0	15.5
Diversifiers	23.3	21.5
Emerging Markets Equities	2.1	3.3
Fixed Income and Debt	15.7	16.1
Global and Thematic Equities	15.4	19.5
Japan Equities	4.1	3.4
Pacific Basin Ex Japan Equities	5.8	3.9
UK Equities	15.1	13.5
Forward Currency Contracts	(0.2)	(0.2)
Cash and Other	2.7	3.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Supportive words from US and European central banks have continued to benefit the maintenance of low interest rates around the world, not least the c. US\$ 16 trillion of bonds globally that have negative yields. The volume of debt that has been accumulated arguably represents one of the greatest bubbles in financial assets to date. Few appear to be price sensitive as financial markets have become intertwined with central bank policy making. Even the most successful economy in the post financial crisis era, the US, has, within 2 years, abandoned its programme of unwinding its quantitative easing efforts and is now providing liquidity through US\$ 60 billion of US Treasury purchases per month.

Refinancing remains key for companies that central bank policy has helped keep afloat. Low interest rates have presented an opportunity to take on debt to leverage returns or buy time. Ultimately human ingenuity and progress will catch up on those who operate in industries prone to disruption or regulation, many of which make up vast swathes of equity and bond market indices.

For those investors such as ourselves, who are less willing to conform to the geographic and asset class conventions of the past, we find there is demand for investment themes that span geographies and asset classes. We favour themes such as aging demographics, environmental change and disruptive technologies, often in smaller companies that are unconstrained by size and their history. It is our belief that the increasing demand in these areas will form the basis of a more sustainable 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  
29 November 2019

**Peter Askew**  
Fund Manager  
T. Bailey Asset Management Limited  
Nottingham, United Kingdom  
29 November 2019

**PORTFOLIO STATEMENT**  
As at 30 September 2019

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
<b>Absolute Return</b>		
<b>(16.0%; 31.03.19 - 15.5%)</b>		
226,431 Merian UK Specialist Equity	2,825,768	2.6
41,657 Odey European Focus Absolute Return	4,066,147	3.7
259,599 Polar Capital UK Absolute Equity	5,368,500	4.9
2,869,413 Schroder UK Dynamic Absolute Return	5,308,413	4.8
	<b>17,568,828</b>	<b>16.0</b>
<b>Diversifiers</b>		
<b>(23.3%; 31.03.19 - 21.5%)</b>		
300,000 Amedeo Air Four Plus	249,000	0.2
575,000 Bluefield Solar Income	753,250	0.7
1,003,071 ETFS Aluminium	2,155,379	2.0
133,129 ETFS Copper	2,584,651	2.4
57,013 ETFS Gold Bullion Securities	6,383,602	5.8
2,243,540 Hadrians Wall	1,682,655	1.5
1,600,000 Impact Healthcare REIT	1,760,000	1.6
1,800,000 John Laing Environmental Assets	2,115,000	1.9
1,840,000 LXI REIT	2,388,320	2.2
2,058,608 RM Secured Direct Lending	2,058,608	1.9
251,180 SQN Asset Finance Income C Shares	216,015	0.2
1,218,450 SQN Asset Finance Income	982,071	0.9
2,675,000 Tuffon Oceanic Assets	2,196,545	2.0
	<b>25,525,096</b>	<b>23.3</b>
<b>Emerging Market Equities</b>		
<b>(2.1%; 31.03.19 - 3.3%)</b>		
1,264,710 MI Somerset Emerging Markets Dividend Growth	2,314,419	2.1
	<b>2,314,419</b>	<b>2.1</b>

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**PORTFOLIO STATEMENT (CONTINUED)**As at 30 September 2019

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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>Fixed Income and Debt</b> <b>(15.7%; 31.03.19 - 16.1%)</b>		
54,650 Muzinich Asia Credit Opportunities	5,326,173	4.8
4,959,457 Royal London Short Duration Global High Yield Bond	5,333,400	4.9
1,271,530 TwentyFour Select Monthly Income	1,174,894	1.1
46,792 Vontobel TwentyFour Absolute Return Credit	5,376,368	4.9
	<hr/> <b>17,210,835</b>	<hr/> <b>15.7</b>
<b>Global and Thematic Equities</b> <b>(15.4%; 31.03.19 - 19.5%)</b>		
538,972 IP Group	343,325	0.3
2,196,741 Lazard Global Listed Infrastructure Equity	4,510,348	4.1
537,407 Polar Capital Global Insurance	4,229,016	3.9
84,289 Polar Capital Healthcare Opportunities	3,229,944	3.0
2,010,478 Sarasin Food & Agriculture Opportunities	4,523,575	4.1
	<hr/> <b>16,836,208</b>	<hr/> <b>15.4</b>
<b>Japan Equities</b> <b>(4.1%; 31.03.19 - 3.4%)</b>		
1,557,700 JPM Japan	4,439,444	4.1
	<hr/> <b>4,439,444</b>	<hr/> <b>4.1</b>
<b>Pacific Basin Ex Japan Equities</b> <b>(5.8%; 31.03.19 - 3.9%)</b>		
4,523 Alquity Indian Subcontinent	698,314	0.6
42,162 Matthews Asia India	830,585	0.8
18,113 Prusik Asian Equity Income	2,472,789	2.2
1,556,617 VT Halo Global Asian Consumer	2,397,190	2.2
	<hr/> <b>6,398,878</b>	<hr/> <b>5.8</b>

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**PORTFOLIO STATEMENT (CONTINUED)**As at 30 September 2019

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Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
<b>UK Equities</b> (15.1%; 31.03.19 - 13.5%)		
2,548,165 LF Gresham House UK Micro Cap	4,255,436	3.9
2,631,579 Man GLG UK Undervalued Assets	4,184,211	3.8
2,677,500 Merian Chrysalis	3,293,325	3.0
2,073,964 MI Chelverton UK Equity Growth	4,832,336	4.4
	<hr/> <b>16,565,308</b>	<hr/> <b>15.1</b>
	<b>Unrealised Gain/(loss) value £</b>	<b>Percentage of total net assets %</b>
<b>Forward Currency Contracts</b> (-0.2%; 31.03.19 - -0.2%)		
£17,663,163 Forward FX GBP v \$22,000,000 (expires 19.12.19)*	(166,666)	-0.2
	<hr/> <b>(166,666)</b>	<hr/> <b>-0.2</b>
<b>Portfolio of investments</b>	<b>106,692,350</b>	<b>97.3</b>
<b>Net other assets</b>	<b>2,995,763</b>	<b>2.7</b>
<b>Total net assets</b>	<hr/> <b>109,688,113</b>	<hr/> <b>100.0</b>

\* Disclosed at investment liabilities in the Balance Sheet.

## SUMMARY OF FUND PERFORMANCE

A Income Units	1 April 2019 to 30 Sept 2019 (pence per unit)	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)
<b>Change in net assets per unit</b>				
Opening net asset value per unit	62.20	62.02	59.84	53.80
Return before operating charges*	1.34	1.40	3.30	7.37
Operating charges	(0.22)	(0.43)	(0.42)	(0.40)
Return after operating charges*	1.12	0.97	2.88	6.97
Distributions on income units	(0.53)	(0.79)	(0.70)	(0.93)
Closing net asset value per unit	62.79	62.20	62.02	59.84
* after direct transaction costs of:	0.00	0.00	0.01	0.00
<b>Performance</b>				
Return after charges	1.80%	1.56%	4.81%	12.96%
<b>Other information</b>				
Closing net asset value	£26,550,892	£27,187,252	£26,189,751	£23,120,068
Closing number of units	42,284,265	43,706,897	42,229,174	38,634,703
Operating charges (p.a.)	1.37%	1.38%	1.36%	1.38%
Direct transaction costs (p.a.)	0.01%	0.00%	0.01%	0.01%
<b>Prices</b>				
Highest published unit price	63.90	64.51	64.61	60.33
Lowest published unit price	62.25	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.*

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**SUMMARY OF FUND PERFORMANCE (CONTINUED)**


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<b>A Accumulation Units</b>	<b>1 April 2019 to 30 Sept 2019</b>	<b>1 April 2018 to 31 March 2019</b>	<b>1 April 2017 to 31 March 2018</b>	<b>1 April 2016 to 31 March 2017</b>
	(pence per unit)	(pence per unit)	(pence per unit)	(pence per unit)
<b>Change in net assets per unit</b>				
Opening net asset value per unit	81.03	79.77	76.11	67.33
Return before operating charges*	1.75	1.81	4.20	9.29
Operating charges	(0.29)	(0.55)	(0.54)	(0.51)
Return after operating charges*	1.46	1.26	3.66	8.78
Distributions	(0.70)	(1.01)	(0.89)	(1.15)
Retained distributions on accumulation units	0.70	1.01	0.89	1.15
Closing net asset value per unit	82.49	81.03	79.77	76.11
* after direct transaction costs of:	0.01	0.00	0.01	0.00
<b>Performance</b>				
Return after charges	1.80%	1.58%	4.81%	13.04%
<b>Other information</b>				
Closing net asset value	£80,107,461	£74,491,376	£60,129,520	£42,996,940
Closing number of units	97,108,110	91,930,257	75,379,195	56,491,453
Operating charges (p.a.)	1.37%	1.38%	1.36%	1.38%
Direct transaction costs (p.a.)	0.01%	0.00%	0.01%	0.01%
<b>Prices</b>				
Highest published unit price	83.60	82.97	82.85	76.41
Lowest published unit price	81.09	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 2019 to 30 Sept 2019 (pence per unit)	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)
<b>Change in net assets per unit</b>				
Opening net asset value per unit	55.91	56.26	54.77	49.69
Return before operating charges*	1.22	1.27	3.01	6.78
Operating charges	(0.46)	(0.90)	(0.89)	(0.84)
Return after operating charges*	0.76	0.37	2.12	5.94
Distributions on income units	(0.48)	(0.72)	(0.63)	(0.86)
Closing net asset value per unit	56.19	55.91	56.26	54.77
* after direct transaction costs of:	0.00	0.00	0.01	0.00
<b>Performance</b>				
Return after charges	1.36%	0.66%	3.87%	11.95%
<b>Other information</b>				
Closing net asset value	£350,883	£379,176	£482,040	£401,404
Closing number of units	624,506	678,131	856,755	732,892
Operating charges (p.a.)	2.27%	2.28%	2.26%	2.28%
Direct transaction costs (p.a.)	0.01%	0.00%	0.01%	0.01%
<b>Prices</b>				
Highest published unit price	57.26	58.42	58.70	55.24
Lowest published unit price	55.95	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.*

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**SUMMARY OF FUND PERFORMANCE (CONTINUED)**


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<b>Z Accumulation Units</b>	<b>1 April 2019 to 30 Sept 2019</b>	<b>1 April 2018 to 31 March 2019</b>	<b>1 April 2017 to 31 March 2018</b>	<b>1 April 2016 to 31 March 2017</b>
	(pence per unit)	(pence per unit)	(pence per unit)	(pence per unit)
<b>Change in net assets per unit</b>				
Opening net asset value per unit	73.15	72.66	69.95	62.44
Return before operating charges*	1.58	1.65	3.85	8.57
Operating charges	(0.60)	(1.16)	(1.14)	(1.06)
Return after operating charges*	0.98	0.49	2.71	7.51
Distributions	(0.63)	(0.93)	(0.81)	(1.09)
Retained distributions on accumulation units	0.63	0.93	0.81	1.09
Closing net asset value per unit	74.13	73.15	72.66	69.95
* after direct transaction costs of:	0.01	0.00	0.01	0.00
<b>Performance</b>				
Return after charges	1.34%	0.67%	3.87%	12.03%
<b>Other information</b>				
Closing net asset value	£2,573,744	£2,958,322	£3,168,230	£2,244,847
Closing number of units	3,471,964	4,044,213	4,360,143	3,209,238
Operating charges (p.a.)	2.27%	2.28%	2.26%	2.28%
Direct transaction costs (p.a.)	0.01%	0.00%	0.01%	0.01%
<b>Prices</b>				
Highest published unit price	75.24	75.44	75.59	70.25
Lowest published unit price	73.19	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.*

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**SUMMARY OF FUND PERFORMANCE (CONTINUED)**


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X Income Units	1 April 2019 to 30 Sept 2019 (pence per unit)	3 Jan 2019 <sup>1</sup> to 31 March 2019 (pence per unit)
<b>Change in net assets per unit</b>		
Opening net asset value per unit	62.31	60.13
Return before operating charges*	1.35	2.43
Operating charges	(0.22)	(0.14)
Return after operating charges*	1.13	2.29
Distributions on income units	(0.54)	(0.11)
Closing net asset value per unit	62.90	62.31
* after direct transaction costs of:	0.00	0.00
<b>Performance</b>		
Return after charges	1.81%	3.81%
<b>Other information</b>		
Closing net asset value	£52,304	£51,814
Closing number of units	83,153	83,153
Operating charges (p.a.)	1.37%	1.38%
Direct transaction costs (p.a.)	0.01%	0.00%
<b>Prices</b>		
Highest published unit price	64.01	62.46
Lowest published unit price	62.36	60.13

<sup>1</sup> The 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.*

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**SUMMARY OF FUND PERFORMANCE (CONTINUED)**

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<b>X Accumulation Units</b>	<b>1 April 2019 to 30 Sept 2019</b>	<b>3 Jan 2019<sup>1</sup> to 31 March 2019</b>
	<b>(pence per unit)</b>	<b>(pence per unit)</b>
<b>Change in net assets per unit</b>		
Opening net asset value per unit	81.03	78.06
Return before operating charges*	1.74	3.15
Operating charges	(0.29)	(0.18)
Return after operating charges*	1.45	2.97
Distributions	(0.68)	(0.14)
Retained distributions on accumulation units	0.68	0.14
Closing net asset value per unit	82.48	81.03
* after direct transaction costs of:	0.01	0.00
<b>Performance</b>		
Return after charges	1.79%	3.80%
<b>Other information</b>		
Closing net asset value	£52,829	£51,904
Closing number of units	64,053	64,053
Operating charges (p.a.)	1.37%	1.38%
Direct transaction costs (p.a.)	0.01%	0.00%
<b>Prices</b>		
Highest published unit price	83.59	81.09
Lowest published unit price	81.07	78.06

<sup>1</sup> 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.

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**STATEMENT OF TOTAL RETURN**For the six-month period ended 30 September 2019

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		30.09.19	30.09.18
	£	£	£
Income			
Net capital gains		1,355,350	2,819,981
Revenue	913,621		548,959
Expenses	(391,678)		(350,932)
Interest payable and similar charges	(174)		-
Net revenue before taxation	<u>521,769</u>		<u>198,027</u>
Taxation	(425)		(453)
Net revenue after taxation		<u>521,344</u>	<u>197,574</u>
<b>Total return before distributions</b>		<b>1,876,694</b>	<b>3,017,555</b>
Distributions		(916,528)	(524,976)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b><u>960,166</u></b>	<b><u>2,492,579</u></b>

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**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**For the six-month ended 30 September 2019

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		30.09.19	30.09.18
	£	£	£
<b>Opening net assets attributable to unitholders</b>		<b>105,119,844</b>	<b>89,969,541</b>
<i>Movements due to sales and repurchases of units:</i>			
Amounts receivable on issue of units	7,322,625		14,662,936
Amounts payable on cancellation of units	<u>(4,405,183)</u>		<u>(3,159,472)</u>
		2,917,442	11,503,464
Change in net assets attributable to unitholders from investment activities		960,166	2,492,579
Retained distributions on accumulation units		690,661	395,299
<b>Closing net assets attributable to unitholders</b>		<b><u>109,688,113</u></b>	<b><u>104,360,883</u></b>

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**BALANCE SHEET**As at 30 September 2019

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	30.09.19	31.03.19
	£	£
<b>Assets:</b>		
<b>Fixed assets:</b>		
Investments	106,859,016	101,668,690
<b>Current assets:</b>		
Debtors	110,978	124,007
Cash and bank balances	3,196,402	3,971,804
<b>Total assets</b>	<u>110,166,396</u>	<u>105,764,501</u>
<b>Liabilities:</b>		
Investment liabilities	166,666	228,231
<b>Creditors:</b>		
Distribution payable on income units	105,955	92,658
Other creditors	205,662	323,768
<b>Total liabilities</b>	<u>478,283</u>	<u>644,657</u>
<b>Net assets attributable to unitholders</b>	<u>109,688,113</u>	<u>105,119,844</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

As at 30 September 2019

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**Accounting policies**

The financial statements have been prepared on the basis of the accounting policies set out in the Annual Report and Financial Statements for the year ended 31 March 2019.

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 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.

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**DISTRIBUTION TABLE**For the six-month period ended 30 September 2019

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**Interim Distribution (30 June 2019)**

Group 1 - Units purchased on or prior to 31 March 2019

Group 2 - Units purchased after 31 March 2019

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Units	Revenue	Equalisation <sup>1</sup>	Paid/Accumulated	Paid/Accumulated
	(pence)	(pence)	31.08.19	31.08.18
			(pence)	(pence)
<b>A Income</b>				
Group 1	0.2872	-	0.2872	0.1446
Group 2	0.2075	0.0797	0.2872	0.1446
<b>Z Income</b>				
Group 1	0.2578	-	0.2578	0.1309
Group 2	0.1279	0.1299	0.2578	0.1309
<b>X Income</b>				
Group 1	0.2877	-	0.2877	N/A
Group 2	0.2877	-	0.2877	N/A
<b>A Accumulation</b>				
Group 1	0.3742	-	0.3742	0.1860
Group 2	0.2342	0.1400	0.3742	0.1860
<b>Z Accumulation</b>				
Group 1	0.3373	-	0.3373	0.1693
Group 2	0.2824	0.0549	0.3373	0.1693
<b>X Accumulation</b>				
Group 1	0.3569	-	0.3569	N/A
Group 2	0.3569	-	0.3569	N/A

---

<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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**DISTRIBUTION TABLE (CONTINUED)**For the six-month period ended 30 September 2019

---

**Interim Distribution (30 September 2019)**

Group 1 - Units purchased on or prior to 30 June 2019

Group 2 - Units purchased after 30 June 2019

---

Units	Revenue (pence)	Equalisation <sup>1</sup> (pence)	Paid/Accumulated 30.11.19 (pence)	Paid/Accumulated 30.11.18 (pence)
<b>A Income</b>				
Group 1	0.2468	-	0.2468	0.2009
Group 2	0.1000	0.1468	0.2468	0.2009
<b>Z Income</b>				
Group 1	0.2206	-	0.2206	0.1817
Group 2	0.0893	0.1313	0.2206	0.1817
<b>X Income</b>				
Group 1	0.2473	-	0.2473	N/A
Group 2	0.2473	-	0.2473	N/A
<b>A Accumulation</b>				
Group 1	0.3234	-	0.3234	0.2591
Group 2	0.1777	0.1457	0.3234	0.2591
<b>Z Accumulation</b>				
Group 1	0.2907	-	0.2907	0.2353
Group 2	0.2792	0.0115	0.2907	0.2353
<b>X Accumulation</b>				
Group 1	0.3229	-	0.3229	N/A
Group 2	0.3229	-	0.3229	N/A

<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](http://www.tbaileyfs.co.uk)

Authorised and regulated by the Financial Conduct Authority.

### Directors of the Authorised Fund Manager

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

NatWest Trustee & Depositary Services Limited  
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](http://www.tbaileyfs.co.uk)

Authorised and regulated by the Financial Conduct Authority.

### Auditor

Deloitte LLP  
Statutory Auditor  
4 Brindleyplace  
Birmingham  
United Kingdom  
B1 2HZ

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

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