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T. Bailey Growth Fund

Annual Report & Audited Financial Statements

For the year ended 31 March 2020

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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 11 to 14 and 'Directory' on page 40.*



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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 Growth Fund (the 'Fund' or 'TBGF') is T. Bailey Fund Services Limited ('TBFS'). T. Bailey Asset Management Limited ('TBAM') is the Investment Manager of the Fund (the 'Investment Manager').

TBFS and TBAM are authorised and regulated by the Financial Conduct Authority. Further information about the Investment Manager and the funds which it manages can be found at [www.tbaileyam.co.uk](http://www.tbaileyam.co.uk).

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## YOUR INVESTMENTS

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You can buy or sell units in the Fund through your Financial Advisor. Alternatively, you can telephone the dealing line; 0115 988 8213, during normal office hours. Application forms can be requested in writing from the Manager or by calling the Client Services Team on the dealing line. They can also be downloaded from the website: [www.tbaileyfs.co.uk/funds/t-bailey-funds](http://www.tbaileyfs.co.uk/funds/t-bailey-funds). The Fund is eligible for ISA investments/transfers and is available as part of a regular savers scheme. Prices for the Fund are published each normal business day on the website: [www.tbaileyfs.co.uk](http://www.tbaileyfs.co.uk).

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## RISK PROFILE

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The value of investments may go down as well as up in response to general market conditions and the performance of the assets held. Investors may not get back the money which they invested.

There is no guarantee that the Fund will meet its stated objectives.

The Fund invests in global shares (via collective investment schemes), with some regions being regarded as more risky. The movements of exchange rates may lead to further changes in the value of investments and the income from them.

There is a risk that any company providing services such as safe keeping of assets or acting as counterparty to derivatives may become insolvent, which may cause losses to the Fund.

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## SYNTHETIC RISK AND REWARD INDICATOR

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The Synthetic Risk and Reward Indicator demonstrates, in a standard format, where the Fund ranks in terms of its potential risk and reward. It is based on historical performance data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The indicator uses a scale of 1 to 7. The higher the rank the greater the potential reward but the greater the risk of losing money. The lowest category does not mean a fund is a risk free investment.

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

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## OTHER INFORMATION

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

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

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## AUTHORISED STATUS

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The Fund is governed by a Trust Deed made between the Manager and the Trustee dated 4 November 1999 as amended by Supplemental Trust Deeds made between the same parties dated 29 November 2002, 15 September 2004, 22 November 2006, 10 January 2011, 21 October 2011, 23 August 2012, 17 March 2016, 25 July 2018 30 November 2018 and 13 January 2020.

The Fund is an authorised unit trust scheme and is a UCITS scheme as defined in the Glossary of the Financial Conduct Authority ('FCA') Handbook. The effective date of the authorisation order made by the FCA was 11 November 1999.

The unitholders of the Fund are not liable for the debts of the Scheme.

The base currency of the Fund is pounds Sterling.

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## INVESTMENT OBJECTIVE AND POLICY

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The aim of the T. Bailey Growth Fund is to provide capital growth in excess of the Investment Association ('IA') Global Sector average over rolling three-year periods.

Typically, at least 80% of the Fund will be invested in other collective investment vehicles ("funds") which provide indirect exposure to equities in the UK and internationally. Such funds may include those managed or operated by the Manager and its associates.

To the extent it is not fully invested in such funds, the Fund may invest in other funds and/or directly in equities, debt instruments, money market instruments, cash and near cash.

Through its investments in other funds, the Fund may also be exposed to a range of other asset classes such as 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 drive the selection of assets, focusing on areas where demand is robust and is likely to exceed supply for the foreseeable future (for example, technology, healthcare, materials and sustainability). This emphasis 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 industry sectors, currencies or geographies in various proportions.

The Fund can 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.

The Fund may use derivatives to reduce risk or cost or to generate additional capital or income at proportionate risk (known as "Efficient Portfolio Management").

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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 18 to 20.

*Please note that the maximum level of management fees which may be charged to any collective investment scheme in which the Fund invests is 5%, although historically the Investment Manager has secured terms considerably more favourable than this.*

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## REMUNERATION POLICY OF THE AUTHORISED FUND MANAGER

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### 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. TBFS is a UCITS firm and is therefore subject to the UCITS Remuneration Code.

The Remuneration Policy:

- (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; and
- (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.

In accordance with BIPRU 11.5.18R the following disclosures are made:

#### **1. Decision making process for determining remuneration policy, link between pay and performance**

There is no remuneration committee. 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 2018 which incorporated information from external consultants in connection with remuneration.

#### **2. 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 Board bears in mind the projected performance of the company when making any adjustments to the scheme. This is agreed within the setting of the annual operating plan and reviewed once full year results are available.

The final bonus total is signed off by the TBFS board. The bonus payments are non-contractual and can be amended or withdrawn at any time.

Payment of scheme bonus to individuals is linked to their performance against agreed objectives from staff appraisals. All bonuses are monetary and paid through the payroll.

Staff are eligible to be a part of the scheme once they have completed a full years' service prior to the start of the relevant appraisal year. The same process applies to all grades of staff including executive directors.

There are no commission based payments made to staff.

No other pay reward schemes exist within the business.

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

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**Total remuneration paid by the Authorised Fund Manager for the year ended 30 September 2019**

<b>Total Number of Staff</b>	<b>40</b>
	<b>£'000</b>
Fixed	1,414
Variable	<u>43</u>
<b>Total Remuneration Paid</b>	<b><u>1,457</u></b>

**Total remuneration paid by the Authorised Fund Manager to Remuneration Code Staff for the year ended 30 September 2019**

	<b>Senior Management</b>	<b>Staff with Material Impact</b>
<b>Total Number of Staff</b>	<b>9</b>	<b>0</b>
	<b>£'000</b>	<b>£'000</b>
Fixed	703	-
Variable	<u>34</u>	<u>-</u>
<b>Total Remuneration Paid</b>	<b><u>737</u></b>	<b><u>-</u></b>

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

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## STATEMENT OF THE AUTHORISED FUND MANAGER'S RESPONSIBILITIES

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The Authorised Fund Manager (the 'Manager') of the Fund is responsible for preparing the Annual Report and the Financial Statements in accordance with the Financial Conduct Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Scheme's Trust Deed. COLL requires the Manager to prepare financial statements for each accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association ("IA SORP") in May 2014; and
- give a true and fair view of the financial position of the Fund as at the end of that period and the net expense and the net capital gains or losses on the property of the Fund for that period.

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

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

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

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## DIRECTORS' STATEMENT

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In accordance with COLL 4.5.8BR, the Report and the Financial Statements were approved by the board of directors of the Manager of the Fund and authorised for issue on 29 July 2020.

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 July 2020**

**Rachel Elliott, Finance Director**  
**T. Bailey Fund Services Limited**  
**Nottingham, United Kingdom**  
**29 July 2020**

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## STATEMENT OF TRUSTEE'S RESPONSIBILITIES

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The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Scheme and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Scheme in accordance with the Regulations.

The Trustee must ensure that:

- the Schemes cash flows are properly monitored and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with Regulations;
- the value of units in the Scheme is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- the Scheme's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM") are carried out (unless they conflict with the Regulations).

The trustee also has a duty to take reasonable care to ensure that the Scheme is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Scheme.

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

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Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Scheme, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's income in accordance with the Regulations, the Scheme documents, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

**NatWest Trustee & Depositary Services Limited**  
London, United Kingdom  
29 July 2020

## Report on the audit of the financial statements

### Opinion

In our opinion the financial statements of T. Bailey Growth Fund (the 'Fund'):

- give a true and fair view of the financial position of the Fund as at 31 March 2020 and of the net expense and the net capital losses on the property of the Fund for the year ended 31 March 2020; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Trust Deed.

We have audited the financial statements of T. Bailey Growth Fund (the 'Fund') which comprise:

- the statement of total return;
- the statement of change in net assets attributable to unitholders;
- the balance sheet;
- the related individual notes 1 to 16; and
- the distribution table.

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 Financial Reporting Council's (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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 2020 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**  
**29 July 2020**

## INVESTMENT REVIEW

### Performance

Cumulative returns for the periods ended 31 March 2020 (%)				
	1 year	3 years	5 years	
TBGF – A Accumulation	(11.51)	(3.23)	19.43	
TBGF – Z Accumulation	(12.31)	(5.81)	14.17	
IA Global Sector Average*	(6.04)	5.11	30.58	

  

Discrete returns for the 12 month periods ended 31 March (%)					
	2020	2019	2018	2017	2016
TBGF – A Accumulation	(11.51)	2.88	6.30	22.62	0.65
TBGF – Z Accumulation	(12.31)	1.96	5.35	21.51	(0.25)
IA Global Sector Average*	(6.04)	8.97	2.66	28.56	(3.36)

  

Rolling returns for the 3 year periods ended 31 March (%)					
	2020	2019	2018	2017	2016
TBGF – A Accumulation	(3.23)	34.09	31.19	48.14	24.43
TBGF – Z Accumulation	(5.81)	30.52	27.70	44.18	21.27
IA Global Sector Average*	5.11	43.82	27.54	43.23	19.29

\* Target Benchmark.

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 twelve months to the end of March 2020 were initially characterised by the trade dispute between the US and China and its impact on both economies and the resultant knock-on effect on the global economy. Monetary policy in the US was eventually eased through the second half of 2019 as the US economy appeared less robust than anticipated in April 2019. Throughout much of 2019, the UK political scene continued to be dominated by Brexit. The General Election in December 2019 provided a clear decision to leave the European Union amid a resounding victory for the incumbent Conservative Party government. While the start of 2020 provided a soft start to global equity markets, the twelve-month performance of financial markets was determined by the magnitude of the impact of the coronavirus, later to be known as Covid-19, and its landfall in Northern Italy at the end of February 2020. The twelve-month returns for the Growth Fund and for global equity markets were effectively summed up by the final five weeks of the twelve months to end of March 2020. During those five weeks, financial markets witnessed the sort of dislocations last seen in the Great Financial Crisis of 2008/9.

This was particularly evident in the middle of March and prompted massive central bank support, led by the US Federal Reserve, to restore financial market order. The monetary support from central banks in unprecedented amounts added to the substantial support for economies already announced by respective governments earlier in March. Consequently, global equities began to recover in the final week of March but from extremely low levels.

Concurrently with and adding to financial market turbulence, oil suffered a huge reduction in price as Russia and Saudi Arabia competed for market share at the expense of price and in the process, attempted to disrupt the oil shale producers of North America. At one stage the West Texas Intermediate oil price future for May delivery, traded in negative territory on a shortage of storage; it was cheaper for traders to sell at negative prices than source storage at sky-high prices.

The Growth Fund was unable to escape the precipitous falls in equity markets in March having performed well in the previous months from the mid-year point of the twelve-month period. The mid-March illiquidity event was particularly punishing to smaller companies, one of the Growth Fund's long-term growth drivers. As thematic investors, the Growth Fund will differ in construction from the mainstream, large asset-gathering global equity offerings that are geographically and index driven which makes them largely US driven. The US dollar and large US technology stocks performed relatively well over the period and in March 2020 exacerbating the Growth Fund's relative underperformance versus its peers over the past twelve months. As at the end of the period, the top five stocks by value in the US S&P 500 index were Microsoft, Apple, Amazon, Facebook and Alphabet (Google) and represented over 18.5% of the value of the whole index. Rather than mirror an index construction, the Growth Fund pursues a more diversified approach. Longer relative and absolute performance numbers remain competitive against peers.

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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 31 March 2020 (%)	Asset allocation as at 31 March 2019 (%)
Absolute Return	-	3.5
Emerging Market Equities	5.8	8.2
Europe (ex. UK) Equities	5.2	4.1
Global and Thematic Equities	38.9	33.4
Japan Equities	11.0	10.9
Pacific Basin (ex. Japan) Equities	6.8	9.3
UK Equities	16.9	21.8
US Equities	4.5	3.9
Cash and Other	10.9	4.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

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

The Growth fund's thematic approach to investing over the conventional geography-based approach and its ability to invest in smaller companies doesn't always result in the best outcome in any one twelve-month period. This is especially the case when investors, retail and institutional alike, nominate a passive approach to investing closely aligned to market indices. Over longer periods the thematic approach has worked. US large technology companies have been the major beneficiaries of passive flows and have grown as a percentage of US stock market indices. Consequently, US equities and the US currency reflect over 50% of the global equity market landscape by market capitalisation.

The Growth Fund offers a more diversified approach based on investment themes rather than geography. In seeking the higher growth drivers, the Fund will have exposures to smaller companies with the greatest potential for growth within those themes. This is a calculated preference over the passive, buy what is going up, momentum style of investing which is often indiscriminate to price or valuation. The Fund has a preference for assets that are cheap rather than expensive. In the mid-point of 2019, this led our thematic exposures to reflect an increased exposure to UK companies. This exposure was a clear beneficiary of the outcome of the UK General Election.

As 2020 began, the Fund's cash position was gradually increased to acknowledge the uncertain economic outlook amid a general equity market backdrop that evidenced much good news in the price. Cash was still being raised above 10% when the equity markets suffered significant price falls in the final week of February as the coronavirus spread to Northern Italy. After some three weeks of market dislocations, the emergence of massive government and central bank interventions gave some indications that sufficient economic assistance was at hand to warrant putting cash to work. However, it became clear that the lockdowns imposed on economies would act as accelerators to one of the Growth Fund's key themes – the digital economy. Therefore, it was important for the thematic exposures of the Fund to focus on the likely winners post-virus and aligned to the digital economy.

**Outlook**

Due largely to unprecedented levels of support supplied by governments and central banks, a recovery that began in the final week of March 2020, could continue into the second quarter of 2020. Partly because the sell-off in global equities was so savage in the space of four weeks from the final week of February this year, a meaningful bounce in equity prices is likely to be sustained. For how long? The tenure of any recovery in equity prices will be dependent on infection and death rates for Covid-19 and how quickly economies can return to some form of normality. That will take time as most economies have come to a sudden stop through lockdowns in the first quarter of this calendar year.

For a number of industries like leisure and travel and their related activities, this will take some time. Sadly, many jobs will be lost not least in the airline, restaurant and other forms of the entertainment industry. The need for some form of physical or social distancing will likely persist for some time. It will take some months and maybe longer into 2021 to find a vaccine but better treatments should arise to treat the virus. The pandemic has accelerated the digital economy trend with many employees working from home using video conferencing to communicate with each other, their clients and providers. For T. Bailey, this has proved to be a seamless transition with no loss in productivity – business continuity testing is regularly undertaken as a matter of good business practice.

The acceleration of the digital economy has separated the winners from those companies that will struggle to survive or fail to do so without significant government help. The benefit of a thematic approach means that the Growth Fund seeks to be exposed to businesses in demand that are not labour intensive nor weighed down by leverage/debt. It is important for investors in the Fund that there is a focus on digital economy beneficiaries such as cloud computing, artificial intelligence, cybersecurity, healthcare and nutrition rather those companies grinding out an existence though footfall.

Thank you for your support and investment in the T. Bailey Growth Fund.

**Elliot Farley**  
**Fund Manager**  
**T. Bailey Asset Management Limited**  
**Nottingham, United Kingdom**  
**29 July 2020**

**Peter Askew**  
**Fund Manager**  
**T. Bailey Asset Management Limited**  
**Nottingham, United Kingdom**  
**29 July 2020**

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**PORTFOLIO STATEMENT**As at 31 March 2020

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Holding or nominal value of positions		Bid market value £	Percentage of total net assets %
<b>Emerging Market Equities</b> (5.8%; 31.03.19 - 8.2%)			
2,623,741	MI Somerset Emerging Markets Div idend Growth	3,600,560	2.0
47,317	RWC Global Emerging Markets	6,948,366	3.8
		<b>10,548,926</b>	<b>5.8</b>
<b>Europe (ex. UK) Equities</b> (5.2%; 31.03.19 - 4.1%)			
5,013,692	LF Miton European Opportunities	9,527,518	5.2
		<b>9,527,518</b>	<b>5.2</b>
<b>Global and Thematic Equities</b> (38.9%; 31.03.19 - 33.4%)			
622,072	Baillie Gifford Global Discov ery	9,467,934	5.2
3,522,986	IP Group	1,761,493	1.0
1,880,932	iShares Digitalisation	8,537,623	4.7
4,983,159	Lazard Global Listed Infrastructure Equity	8,688,636	4.8
1,063,106	Polar Capital Automation & Artificial Intelligence	9,270,283	5.1
1,406,904	Polar Capital Global Insurance	8,512,894	4.6
254,281	Polar Capital Healthcare Opportunities	9,034,615	4.9
53,543	Robeco SAM Smart Materials	7,112,646	3.9
5,015,995	Sarasin Food & Agriculture Opportunities	8,602,431	4.7
		<b>70,988,555</b>	<b>38.9</b>
<b>Japan Equities</b> (11.0%; 31.03.19 - 10.9%)			
248,633	Baillie Gifford Japanese Smaller Companies	10,141,736	5.5
3,816,950	JPM Japan	10,095,832	5.5
		<b>20,237,568</b>	<b>11.0</b>

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**PORTFOLIO STATEMENT (CONTINUED)**As at 31 March 2020

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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>Pacific Basin (ex. Japan) Equities (6.8%; 31.03.19 - 9.3%)</b>		
70,142 Prusik Asian Equity Income	7,114,050	3.9
4,247,689 VT Halo Global Asian Consumer	5,245,472	2.9
	<b>12,359,522</b>	<b>6.8</b>
<b>UK Equities (16.9%; 31.03.19 - 21.8%)</b>		
5,101,374 LF Gresham House UK Micro Cap	7,412,296	4.1
4,486,000 Merian Chrysalis	3,790,670	2.1
5,034,263 MI Chelverton UK Equity Growth	9,742,306	5.3
306,143 Polar Capital UK Absolute Equity	4,619,701	2.5
603,757 Polar Capital UK Value Opportunities	5,331,171	2.9
	<b>30,896,144</b>	<b>16.9</b>
<b>US Equities (4.5%; 31.03.19 - 3.9%)</b>		
7,288,750 LF Miton US Smaller Companies	8,279,291	4.5
	<b>8,279,291</b>	<b>4.5</b>
<b>Portfolio of investments</b>	<b>162,837,524</b>	<b>89.1</b>
<b>Net other assets</b>	<b>19,862,805</b>	<b>10.9</b>
<b>Total net assets</b>	<b>182,700,329</b>	<b>100.0</b>

'Absolute Return' sector disinvested since the beginning of the period (31 March 2019: 3.5%).

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**PORTFOLIO STATEMENT (CONTINUED)**As at 31 March 2020

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<b>Asset Class</b>	<b>Asset class allocation as at 31 March 2020 (%)</b>	<b>Asset class allocation as at 31 March 2019 (%)</b>
Collective Investment Schemes	81.3	92.4
Equities	1.0	1.4
Exchange Traded Funds	4.7	-
Investment Trusts	2.1	1.3
Cash and Other	10.9	4.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

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## SUMMARY OF FUND PERFORMANCE

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<b>A Accumulation Units</b>	<b>1 Apr 2019 to 31 Mar 2020</b>	<b>1 Apr 2018 to 31 Mar 2019</b>	<b>1 Apr 2017 to 31 Mar 2018</b>
	(pence per unit)	(pence per unit)	(pence per unit)
<b>Change in net assets per unit</b>			
Opening net asset value per unit	163.74	158.79	147.60
Return before operating charges*	(16.86)	6.03	12.22
Operating charges	(1.13)	(1.08)	(1.03)
Return after operating charges*	(17.99)	4.95	11.19
Distributions	0.05	0.00	0.00
Retained distributions on accumulation units	(0.05)	0.00	0.00
Closing net asset value per unit	145.75	163.74	158.79
* after direct transaction costs of:	0.00	0.01	0.00
<b>Performance</b>			
Return after charges	(10.99)%	3.12%	7.58%
<b>Other information</b>			
Closing net asset value	£164,179,179	£185,179,865	£178,365,121
Closing number of units	112,642,872	113,096,919	112,329,182
Operating charges (p.a.)	1.38%	1.53%	1.53%
Direct transaction costs (p.a.)	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest published unit price	182.16	175.02	168.56
Lowest published unit price	137.31	151.83	145.22

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*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 Apr 2019 to 31 Mar 2020</b>	<b>1 Apr 2018 to 31 Mar 2019</b>	<b>1 Apr 2017 to 31 Mar 2018</b>
	<small>(pence per unit)</small>	<small>(pence per unit)</small>	<small>(pence per unit)</small>
<b>Change in net assets per unit</b>			
Opening net asset value per unit	161.41	157.95	148.13
Return before operating charges*	(16.40)	5.99	12.25
Operating charges	(2.63)	(2.53)	(2.43)
Return after operating charges*	(19.03)	3.46	9.82
Distributions	0.00	0.00	0.00
Retained distributions on accumulation units	0.00	0.00	0.00
Closing net asset value per unit	142.38	161.41	157.95
* after direct transaction costs of:	0.00	0.01	0.00
<b>Performance</b>			
Return after charges	(11.79)%	2.19%	6.63%
<b>Other information</b>			
Closing net asset value	£15,181,393	£30,454,830	£31,470,513
Closing number of units	10,662,353	18,867,521	19,924,050
Operating charges (p.a.)	2.28%	2.43%	2.43%
Direct transaction costs (p.a.)	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest published unit price	178.26	173.42	167.99
Lowest published unit price	134.16	150.02	145.69

*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 Apr 2019 to 31 Mar 2020</b>	<b>3 Jan 2019<sup>1</sup> to 31 Mar 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	163.74	153.82
Return before operating charges*	(16.92)	10.23
Operating charges	(1.04)	(0.31)
Return after operating charges*	(17.96)	9.92
Distributions	0.08	0.00
Retained distributions on accumulation units	(0.08)	0.00
Closing net asset value per unit	145.78	163.74
* after direct transaction costs of:	0.00	0.01
<b>Performance</b>		
Return after charges	(10.97)%	6.45%
<b>Other information</b>		
Closing net asset value	£3,339,757	£53,225
Closing number of units	2,290,887	32,506
Operating charges (p.a.)	1.38%	1.53%
Direct transaction costs (p.a.)	0.00%	0.00%
<b>Prices</b>		
Highest published unit price	137.34	163.88
Lowest published unit price	182.18	152.97

<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.

**STATEMENT OF TOTAL RETURN**  
For the year ended 31 March 2020

	Note	£	31.03.20 £	31.03.19 £
Income				
Net capital (losses)/gains	2		(22,017,506)	6,737,578
Revenue	3	1,524,079		1,207,655
Expenses	4	(1,658,198)		(1,706,669)
Interest payable and similar charges	6	(4,217)		(2,571)
Net expense before taxation		(138,336)		(501,585)
Taxation	5	(1,252)		(5,165)
Net expense after taxation			(139,588)	(506,750)
<b>Total (loss)/return before distributions</b>			<b>(22,157,094)</b>	<b>6,230,828</b>
Distributions	6		(55,295)	142
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(22,212,389)</b>	<b>6,230,970</b>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**  
For the year ended 31 March 2020

	Note	£	31.03.20 £	31.03.19 £
<b>Opening net assets attributable to unitholders</b>			<b>215,687,920</b>	<b>209,835,634</b>
<i>Movements due to sales and repurchases of units:</i>				
Amounts receivable on issue of units		20,346,354		9,408,751
Amounts payable on cancellation of units		(31,179,364)		(9,787,435)
			(10,833,010)	(378,684)
Change in net assets attributable to unitholders from investment activities			(22,212,389)	6,230,970
Retained distributions on accumulation units	6		57,808	-
<b>Closing net assets attributable to unitholders</b>			<b>182,700,329</b>	<b>215,687,920</b>

**BALANCE SHEET**  
As at 31 March 2020

	Note	31.03.20 £	31.03.19 £
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		162,837,524	205,184,649
<b>Current assets:</b>			
Debtors	7	165,092	141,497
Cash and bank balances	8	20,077,876	10,585,065
<b>Total assets</b>		<b>183,080,492</b>	<b>215,911,211</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Other creditors	9	380,163	223,291
<b>Total liabilities</b>		<b>380,163</b>	<b>223,291</b>
<b>Net assets attributable to unitholders</b>		<b>182,700,329</b>	<b>215,687,920</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2020

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**1. Accounting policies****(a) Basis of accounting**

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with Financial Reporting Standard (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of UK Authorised Funds issued by the Investment Association in May 2014.

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.

**(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 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, except those relating to the purchase and sale of investments are allocated to the revenue account on an accrual basis.

**(g) Allocation of revenue and expenses to multiple unit classes**

Any assets or liabilities not attributable to a particular unit class are allocated by the Manager in a manner which is considered fair to unitholders in general, usually pro-rata based on the net asset values of the relevant unit classes.

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

For the year ended 31 March 2020

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

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

Deferred tax is provided for in respect of all items that have been included in these financial statements, or those of a previous period, that will be included in future periods for taxation purposes, other than those timing differences regarded as permanent. Any liability to deferred tax is provided for at the average rates of tax expected to apply to the reversal of timing difference.

**(i) Distribution policy**

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

**(j) Exchange rates**

Assets and liabilities in overseas currencies at the year end are translated into Pound Sterling at the latest available rates of exchange on the balance sheet date. Transactions in overseas currencies occurring during the year are recorded at the rate of exchange on the date of the transaction.

**(k) Financial instruments**

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

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

The investments are measured at closing prices on the balance sheet date, with any gains or losses arising on measurement recognised in the statement of total return. If closing prices are not available, the latest available prices are used. If separate offer and bid prices are quoted for shares or units, then the bid price is used. If no price or recent available price exists, the investments are valued at a price which, in the opinion of the 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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2020

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**2. Net capital (losses)/gains**

	31.03.20	31.03.19
	£	£
Non-derivativ e securities	(22,716,949)	4,848,196
Currency gains	686,524	1,143,916
Forward currency contracts gains	-	733,518
Transaction charges	(220)	(268)
Capital management fee rebates	13,139	12,216
<b>Net capital (losses)/gains</b>	<b>(22,017,506)</b>	<b>6,737,578</b>

**3. Revenue**

	31.03.20	31.03.19
	£	£
UK franked distributions	1,515,441	1,128,923
UK unfranked distributions	6,260	25,827
Bank interest	18,528	36,000
Revenue management fee rebates	8,028	9,448
Unfranked revenue currency (losses)/gains	(24,178)	7,457
<b>Total revenue</b>	<b>1,524,079</b>	<b>1,207,655</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2020

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**4. Expenses**

	31.03.20	31.03.19
	£	£
<b>Payable to the Manager, associates of the Manager and agents of either:</b>		
Annual management charge	1,524,657	1,585,435
Registration fees	37,656	32,241
Administration fees	8,569	8,500
	<u>1,570,882</u>	<u>1,626,176</u>
<b>Payable to the Trustee, associates of the Trustee and agents of either:</b>		
Trustee's fees	66,769	66,137
Safe custody fees	5,362	4,941
	<u>72,131</u>	<u>71,078</u>
<b>Other expenses:</b>		
Audit fee	7,404	6,822
Tax fee	2,352	2,352
FCA fee	164	157
Other expenses	5,265	84
	<u>15,185</u>	<u>9,415</u>
<b>Total expenses</b>	<u><b>1,658,198</b></u>	<u><b>1,706,669</b></u>
	31.03.20	31.03.19
	£	£
<b>Fees payable to the Fund Auditor for the audit of the Fund's annual financial statements:</b>		
Total audit fee	<u>7,404</u>	<u>6,822</u>
Total non-audit fees - Tax compliance services	<u>2,352</u>	<u>2,352</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2020

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

	31.03.20	31.03.19
	£	£
<b>Analysis of charge in the year</b>		
Irrecoverable income tax	1,252	5,165
<b>Total current tax for the year (see note 5(b))</b>	<u>1,252</u>	<u>5,165</u>
Deferred tax (see note 5(c))	-	-
<b>Total taxation for the year</b>	<u>1,252</u>	<u>5,165</u>

Corporation tax has been provided at a rate of 20% (31 March 2019: 20%).

**(b) Factors affecting the current taxation charge for the year**

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

	31.03.20	31.03.19
	£	£
Net expense before taxation	<u>(138,336)</u>	<u>(501,585)</u>
Corporation tax at 20%	(27,667)	(100,317)
<b>Effects of:</b>		
Revenue not subject to taxation	(303,088)	(225,785)
Capital management fees rebates	2,628	2,444
Excess expenses for which no relief taken	328,127	323,658
Irrecoverable income tax	1,252	5,165
<b>Current tax charge for the year (see note 5(a))</b>	<u>1,252</u>	<u>5,165</u>

**(c) Provision for deferred tax**

At 31 March 2020, the Fund had surplus management expenses of £18,285,455 (31 March 2019: £16,644,816). The deferred tax in respect of this would be £3,657,091 (31 March 2019: £3,328,963). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised at the year end, or at the previous year end (see note 5(a)). Changes in tax laws and rates may affect recorded deferred tax assets and liabilities and the effective tax rate in the future.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2020

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**6. Distributions**

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

	31.03.20	31.03.19
	£	£
Final - Accumulation (31 March)	57,808	-
	<u>57,808</u>	<u>-</u>
Add: Revenue deducted on cancellation of units	8,465	835
Deduct: Revenue received on issue of units	(10,978)	(977)
<b>Net distribution for the year</b>	<b><u>55,295</u></b>	<b><u>(142)</u></b>
Interest	4,217	2,571
<b>Total finance costs</b>	<b><u>59,512</u></b>	<b><u>2,429</u></b>
<b>Reconciliation to net distribution for the year</b>		
Net expense after taxation for the year	(139,588)	(506,750)
Revenue currency losses/(gains)	3,614	(1,095)
Losses transferred to capital	191,269	507,703
<b>Net distribution for the year</b>	<b><u>55,295</u></b>	<b><u>(142)</u></b>

Details of the distributions per unit are set out in the distribution table on page 39.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2020

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**7. Debtors**

	31.03.20	31.03.19
	£	£
Amounts receivable for issue of units	160,417	133,676
Accrued revenue	47	4,554
Prepayments	6	3
Management fee rebates recoverable	4,622	3,264
<b>Total debtors</b>	<b>165,092</b>	<b>141,497</b>

**8. Cash and bank balances**

	31.03.20	31.03.19
	£	£
Cash and bank balances	20,077,876	10,585,065
<b>Total cash and bank balances</b>	<b>20,077,876</b>	<b>10,585,065</b>

**9. Creditors**

	31.03.20	31.03.19
	£	£
Amounts payable for cancellation of units	242,176	81,218
Accrued manager fees	113,885	123,273
Accrued registration fees	4,062	2,470
Accrued administration fees	731	663
Accrued trustee fees	5,397	5,227
Accrued custody fees	1,804	1,266
Accrued audit fees	9,756	6,822
Accrued tax fees	2,352	2,352
<b>Total creditors</b>	<b>380,163</b>	<b>223,291</b>

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

For the year ended 31 March 2020

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**10. Related party transactions**

The Manager is regarded as a related party of the Fund. The Manager acts as either agent or principal for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through creation and paid on cancellation are disclosed in the statement of change in net assets attributable to unitholders.

As at the balance sheet date the following unitholders, regarded as related parties of either the Trustee or Manager, held units in the Fund:

- T. Bailey Asset Management Limited (32,506 units).

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

As at 31 March 2020, there was one unitholder that held units amounting to over 25% of the Fund's total net asset value:

- Schroder & Co Nominees Limited (41.6%)

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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2020

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**11. Unit classes**

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

	<b>A Accumulation</b>
Opening units at the start of the year	113,096,919.348
Total creation of units in the year	9,802,010.682
Total cancellation of units in the year	(10,256,057.671)
<b>Closing units at the end of the year</b>	<b>112,642,872.359</b>

  

	<b>Z Accumulation</b>
Opening units at the start of the year	18,867,521.042
Total creation of units in the year	172,438.220
Total cancellation of units in the year	(8,377,606.213)
<b>Closing units at the end of the year</b>	<b>10,662,353.049</b>

  

	<b>X Accumulation</b>
Opening units at the start of the year	32,505.526
Total creation of units in the year	2,280,637.744
Total cancellation of units in the year	(22,256.034)
<b>Closing units at the end of the year</b>	<b>2,290,887.236</b>

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

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

The net asset value of each unit class, the net asset value per unit and the number of units in each class are given in the Summary of Fund Performance tables on pages 18 to 20. The distributions per unit class are given in the distribution table on page 39. 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 unit classes have the same rights on winding up.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2020

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**12. Risk management policies**

In pursuing its investment objectives, the Fund holds financial instruments which expose it to various types of risk. The main risks inherent in the Fund's investment portfolio, and the Manager's policies for managing these risks, which were applied consistently throughout the period, are set out below:

**(a) Currency exposures**

The Fund's financial assets are mainly invested in other regulated collective investment schemes and transferable securities whose prices are generally quoted in Pound Sterling. The Fund may also invest in other Schemes whose prices are quoted in other currencies. This gives rise to a direct currency exposure, details of which are shown in the following table.

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	Net foreign currency assets at 31 March 2020			Net foreign currency assets at 31 March 2019		
	Monetary exposures	Non- monetary exposures	Total	Monetary exposures	Non- monetary exposures	Total
	£'000	£'000	£'000	£'000	£'000	£'000
US Dollar	6,926	15,652	22,578	10,707	12,183	22,890

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There are no specific policies employed by the Investment Manager to 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 £1,422,879 (31 March 2019: £1,107,512). 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 £1,739,075 (31 March 2019: £1,353,626). These calculations assume all other variables remain constant.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2020

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

The Fund's revenue is mainly received from holdings in regulated collective investment schemes and transferable securities. The revenue cash flow from these and from their underlying investments may fluctuate depending upon the particular decisions made by the companies in which they invest. The Fund does not have any long term financial liabilities. The Fund is affected by the impact of movements in interest rates on its own cash balances and on certain underlying investments held by the other collective investment schemes and transferable securities in which it invests.

In addition, the Fund's investments may have an indirect exposure to interest rate risk through the transferable securities and collective investment schemes held which are bond funds. Movements in interest rates will impact on the prices of interest bearing securities, such as bonds (and therefore also bond funds), and as a result may affect the value of the Fund. The fund did not invest in any bond funds during the period.

The direct exposure of the Fund to interest rate risk as at the balance sheet date is shown in the following table:

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	<b>Floating rate financial assets £'000</b>	<b>Fixed rate financial assets £'000</b>	<b>Financial assets not bearing interest £'000</b>	<b>Floating rate financial liabilities £'000</b>	<b>Financial liabilities not bearing interest £'000</b>	<b>Total £'000</b>
<b>31.03.20</b>						
Sterling	13,152	-	147,351	-	(380)	160,123
US Dollar	6,926	-	15,652	-	-	22,578
<b>31.03.19</b>						
Sterling	-	-	193,143	(122)	(223)	192,798
US Dollar	10,707	-	12,183	-	-	22,890

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

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

For the year ended 31 March 2020

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

The 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.

**(e) Market price risk**

The Fund's underlying investments are collective investment schemes and transferable securities either quoted on recognised stock exchanges or traded on regulated markets. The value of shares/units is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual share/unit held within an underlying scheme or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Manager seeks to minimise these risks by holding a diversified portfolio of transferable securities and collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority's Collective Investment Schemes sourcebook, which includes rules prohibiting a holding greater than 20% of the assets of the Fund in any one underlying investment. If the value of shares/units in the underlying investments were to increase or decrease by 10% the change in the net asset value of the Fund would be £16,283,752 (31 March 2019: £20,518,464). This calculation assumes all other variables remain constant.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2020

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**12. Risk management policies (continued)****(f) Fair value of financial assets and liabilities**

Valuation technique	INVESTMENT ASSETS	
	31 March 2020	31 March 2019
	£	£
Level 1: Quoted Prices	14,089,786	5,818,182
Level 2: Observable Market Data	148,747,738	199,366,467
Level 3: Unobservable Data	-	-
	<u>162,837,524</u>	<u>205,184,649</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**

As at the year end date the Fund held no derivatives. (31 March 2019: £nil)

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2020

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

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties incurred when purchasing and selling the underlying securities. In addition to direct transaction costs below, indirect costs are incurred through the bid-offer spread. It is not possible for the Manager to quantify these indirect costs. A breakdown of the purchases and sales, and the related direct transaction costs incurred by the Fund in the year are shown in the table below:

	31.03.20		31.03.19	
	£		£	
<b>Analysis of total purchase costs</b>				
<b>PURCHASES</b>				
Collective Investment Schemes	8,618,000		49,777,000	
Exchange Traded Funds	8,624,546		-	
Investment Trusts	2,269,867		2,500,000	
Net purchases before direct transaction costs	19,512,413		52,277,000	
		<b>% of total</b>		
		<b>purchases</b>	<b>% of total</b>	
			<b>purchases</b>	
<b>DIRECT TRANSACTION COSTS</b>				
Collective Investment Schemes	-	0.00%	-	0.00%
Exchange Traded Funds	4,312	0.02%	-	0.00%
Investment Trusts	-	0.00%	-	0.00%
Total direct transaction costs	4,312	0.02%	-	0.00%
<b>Gross purchases total</b>	<b>19,516,725</b>		<b>52,277,000</b>	
<b>Analysis of total sale costs</b>				
<b>SALES</b>				
Collective Investment Schemes	40,715,338		37,763,833	
Exchange Traded Funds	-		8,065,961	
Gross sales before direct transaction costs	40,715,338		45,829,794	
		<b>% of total</b>		
		<b>sales</b>	<b>% of total</b>	
			<b>sales</b>	
<b>DIRECT TRANSACTION COSTS</b>				
Collective Investment Schemes	-	0.00%	-	0.00%
Exchange Traded Funds	-	0.00%	(8,066)	0.02%
Total direct transaction costs	-	0.00%	(8,066)	0.02%
<b>Net sales total</b>	<b>40,715,338</b>		<b>45,821,728</b>	

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2020

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

	31.03.20		31.03.19	
	% of average		% of average	
	£	NAV	£	NAV
<b>Analysis of total direct transaction costs</b>				
Exchange Traded Funds	4,312	0.00%	8,066	0.00%
Total direct transaction costs	<b>4,312</b>	<b>0.00%</b>	<b>8,066</b>	<b>0.00%</b>

**(b) Average portfolio dealing spread**

The average portfolio dealing spread of the investments at the balance sheet date was 0.11% (31 March 2019: 0.07%). 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 2019: £nil).

**15. Going concern**

During the period from the date of the Balance Sheet to the date that the Financial Statements were approved, the coronavirus (COVID-19) outbreak has caused extensive disruptions to businesses and economic activities globally. The uncertainties over the emergence and spread of COVID-19 have caused market volatility on a global scale.

The Fund's business activities, together with the factors likely to affect its future development, performance and position are set out in the Investment Manager's Investment Review on pages 11 to 14. The Fund has sufficient resources to meet both further investments in portfolio companies and working capital requirements for the foreseeable future. The AFM believes the key risk facing the Fund to be the Fund's ability to cover any potential significant redemptions out of the Fund. However, as the assets of the Fund consist predominantly of readily realisable securities the AFM believes the Fund is well positioned to manage its business risks successfully. In light of this the AFM has a reasonable expectation that the Fund will continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the financial statements.

**16. Post balance sheet events**

During the period from the date of the Balance Sheet to the date that the Financial Statements were approved, the coronavirus (COVID-19) outbreak has caused extensive disruptions to businesses and economic activities globally. The uncertainties over the emergence and spread of COVID-19 have caused market volatility on a global scale. In accordance with the requirements of FRS 102 the fair valuations at the Balance Sheet date reflect the economic conditions in existence at that date.

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

For the year ended 31 March 2020

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**16. Post balance sheet events (continued)**

Since the Balance Sheet date, the valuation of the quoted investments held has increased from £162,837,524 to £205,154,765 (17 July 2020).

Subsequent to the year-end, the net asset value per unit of each unit class has changed as follows:

A Accumulation Units – Increased from 145.75 pence per unit to 182.22 pence per unit (17 July 2020).

Z Accumulation Units – Increased from 142.38 pence per unit to 177.53 pence per unit (17 July 2020).

X Accumulation Units – Increased from 145.78 pence per unit to 182.26 pence per unit (17 July 2020).

There are no post balance sheet events which require adjustments at the year-end.

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**DISTRIBUTION TABLE**For the year ended 31 March 2020

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**Final Distribution (31 March 2020)**

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)	31.05.20 (pence)	31.05.19 (pence)
<b>A Accumulation</b>				
Group 1	0.0497	-	<b>0.0497</b>	-
Group 2	-	0.0497	<b>0.0497</b>	-
<b>Z Accumulation</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>X Accumulation</b>				
Group 1	0.0763	-	<b>0.0763</b>	-
Group 2	-	0.0763	<b>0.0763</b>	-

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

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## DIRECTORY

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### Authorised Fund Manager

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

Tel: 0115 988 8200  
Dealing line: 0115 988 8213  
Website: [www.tbaileyfs.co.uk](http://www.tbaileyfs.co.uk)

Authorised and regulated by the Financial Conduct Authority.

### Directors of the Authorised Fund Manager

Mr M Hughes  
Mr G M J Padbury  
Mrs R E Elliot  
Mrs H C Stevens (Resigned 30 April 2020)  
Mr R J Taylor (Resigned 31 October 2019)  
Mrs A E Troup (Non-executive)  
Mr A Kerneis (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  
Four 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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