



T. Bailey Growth Fund

Annual Report & Audited Financial Statements

For the year ended 31 March 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 11 to 17 and 'Directory' on page 42.

THE AUTHORISED FUND MANAGER AND INVESTMENT MANAGER

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.

YOUR INVESTMENTS

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

RISK PROFILE

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

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

The Fund invests in global shares (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.

SYNTHETIC RISK AND REWARD INDICATOR

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

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

OTHER INFORMATION

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

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

AUTHORISED STATUS

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 and 30 November 2018.

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.

INVESTMENT OBJECTIVE AND POLICY

The aim of the T. Bailey Growth Fund is to provide capital growth over the medium-to-long term and to outperform the Investment Association ('IA') Global Sector over rolling three-year periods.

The assets of the Fund will predominantly be invested in equities, largely through underlying Regulated Collective Investment Schemes which are themselves invested in UK and international equity markets.

The Fund will invest largely in UK and global equity funds in order to achieve its objective and typically the Investment Manager anticipates at least 80% of the Fund to be invested in this way. The remaining part of the portfolio (typically not more than 20%) may be invested in other assets as permitted by the FCA's Collective Investments Scheme Sourcebook (the 'COLL' or the 'Sourcebook') in order to achieve its objective. These assets will include transferable securities, warrants and partly paid securities, money market instruments and deposits, as well as collective investment schemes.

It should be noted that whilst the underlying funds may have a geographical focus the investment managers of those funds may choose from time to time to allocate parts of their funds to a different region (provided such action is in line with the investment powers afforded to the investment managers of those funds).

The Fund expects to use a range of different investment managers in order to provide a diversity of style and to protect against possible periods of poor performance by any one investment manager.

The Investment Manager may use the powers given by the Sourcebook to enter into derivative transactions for hedging or efficient portfolio management purposes.

Cash and near cash are held as necessary to enable redemption of units, efficient management within the scheme objectives, and other ancillary purposes. Apart from cash held for these purposes, or within the underlying funds, the Fund will normally be fully invested.

However, as the Scheme is in the IA Global Sector (Funds which invest at least 80% of their assets in equities), the Scheme has the ability to hold up to 20% of Scheme property in cash and near cash if the Investment Manager reasonably believes there is a severe risk of significant falls in the major markets in which the underlying collective investment schemes invest.

ONGOING CHARGES FIGURE

The Ongoing Charges Figure ('OCF') provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the Annual Management Charge, but also includes the costs for other services paid in respect of Trustee, custody, FCA and audit fees. As the Fund invests in other funds, the weighted average costs of the underlying funds are also taken into account. The OCFs, as calculated in accordance with ESMA guidelines, are disclosed as 'Operating charges (p.a.)' in the Summary of Fund Performance tables on pages 21 to 23.

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

CHANGES TO THE FUND

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

- The name of the existing Institutional Accumulation unit class was changed to A Accumulation.
- The name of the existing Retail Accumulation unit class was changed to Z Accumulation.
- A brand new unit class was launched called X Accumulation.

REMUNERATION POLICY OF THE AUTHORISED FUND MANAGER

Introduction and Scope

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

The Remuneration Policy of the Authorised Fund Manager:

- (i) Is consistent with and promotes sound and effective risk management;
- (ii) Does not encourage risk taking that exceeds the level of tolerated risk of the firm;
- (iii) Encourages behaviour that delivers results which are aligned to the interests of TBFS's clients and the UCITS funds it manages;
- (iv) Aligns the interests of Code Staff with the long-term interests of TBFS's clients and the UCITS funds it manages;
- (v) Recognises that remuneration should be competitive and reflect both financial and personal performance. Accordingly, Remuneration for Code Staff is made up of fixed pay (salary and benefits, including pension) and variable (performance-related) pay;
- (vi) Recognises that fixed and variable components should be appropriately balanced and that the variable component should be flexible enough so that in some circumstances no variable component may be paid at all. Variable pay is made up of short-term awards typically based on short-term financial and strategic measures for the area of the business in which the member of Code Staff works.

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

There is no remuneration committee. The Board of T. Bailey Holdings Limited ('TBH'), TBFS's immediate parent company, oversees the setting and review of remuneration levels performed by the operating Board of TBFS. Remuneration is set within the context of a 5-year plan which ensures any threats to capital adequacy, liquidity and solvency caused by excessive remuneration would be identified. The bonus and commission arrangements including the staff bonus pool are set annually as part of the annual operating plan and any changes to the pool require approval by the CEO of TBFS and the Board of TBH.

The main shareholders are represented on the Board of TBH, which ratifies the annual operating plans. The annual operating plan includes the level of remuneration for all staff including Code Staff.

To assist with the above process, a benchmarking exercise was conducted in 2015 which incorporated information from external consultants in connection with remuneration.

Policy on link between pay and performance

The staff bonus scheme is operated so as to allow for meaningful rewards to be paid to staff whose performance during the year merits recognition but within the context of an annual operating plan. The TBH Board bears in mind the projected performance of the companies when making any adjustments to the scheme. Payment of scheme bonus to individuals is linked to their performance against agreed objectives from staff appraisals.

REMUNERATION POLICY OF THE AUTHORISED FUND MANAGER (CONTINUED)

Total remuneration paid by the Authorised Fund Manager for the year ended 30 September 2018

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

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

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

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

STATEMENT OF THE AUTHORISED FUND MANAGER'S RESPONSIBILITIES

The Authorised Fund Manager (the 'Manager') of the Fund is responsible for preparing the Report and the Financial Statements in accordance with the 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 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.

DIRECTORS' STATEMENT

In accordance with COLL 4.5.8BR, the Report and the Financial Statements were approved by the board of directors of the Manager of the Fund and authorised for issue on 26 July 2019.

The Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the Fund consist predominantly of readily realisable securities and accordingly the Fund has adequate resources to continue in operational existence for at least the next twelve months from the approval of the financial statements.

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

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

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment 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.

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

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

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

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 March 2019 and of the net expense and the net capital gains on the property of the Fund for the year ended 31 March 2019; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Trust Deed.

We have audited the financial statements of T. Bailey 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 15; 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of the Trustee and AFM

As explained more fully in the Statement of Trustee's Responsibilities and the Statement of the Authorised Fund Manager's Responsibilities, the Trustee is responsible for the safeguarding of the property of the Fund and the AFM is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the AFM determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

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

Use of our report

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

Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
26 July 2019

INVESTMENT REVIEW

Performance

Cumulative returns for the periods ended 31 March 2019 (%)				
	1 year	3 years	5 years	
TBGF – A Accumulation	2.88	34.09	62.01	
TBGF – Z Accumulation	1.96	30.52	54.87	
IA Global Sector Average	8.97	43.82	60.24	
UK Consumer Prices Index +5% per annum	7.00	23.61	36.99	

Discrete returns for the 12 month periods ended 31 March (%)					
	2019	2018	2017	2016	2015
TBGF – A Accumulation	2.88	6.30	22.62	0.65	20.04
TBGF – Z Accumulation	1.96	5.35	21.51	(0.25)	18.95
IA Global Sector Average	8.97	2.66	28.56	(3.36)	15.29
UK Consumer Prices Index +5% per annum	7.00	7.56	7.40	5.57	4.99

Rolling returns for the 3 year periods ended 31 March (%)					
	2019	2018	2017	2016	2015
TBGF – A Accumulation	34.09	31.19	48.14	24.43	46.37
TBGF – Z Accumulation	30.52	27.70	44.18	21.27	42.86
IA Global Sector Average	43.82	27.54	43.23	19.29	41.47
UK Consumer Prices Index +5% per annum	23.61	21.95	19.03	18.25	20.94

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.

INVESTMENT REVIEW (CONTINUED)

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

With US equities typically representing approximately half of global equity markets indices, periods of US equity strength pose a challenge to the relative performance of the T. Bailey Growth Fund compared to the IA Global Sector because of its more globally diverse equity exposure. The corollary to this has been the consistency of returns over time delivered by the T. Bailey Growth Fund as demonstrated in the table of discrete 12-month period returns shown on the previous page.

Regional Performance

Region (Equities)	Index	6 months ended	12 months ended
		31 March 2019	31 March 2019
		(%)	(%)
United Kingdom	IA UK All Companies	(4.57)	2.86
United States	IA North America	(2.93)	15.70
Europe ex. UK	IA Europe ex. UK	(6.33)	(1.20)
Japan	IA Japan	(10.31)	(3.59)
Pacific Basin ex. Japan	IA Asia Pacific ex. Japan	1.76	3.08
Emerging Markets	IA Global Emerging Markets	2.62	(1.52)

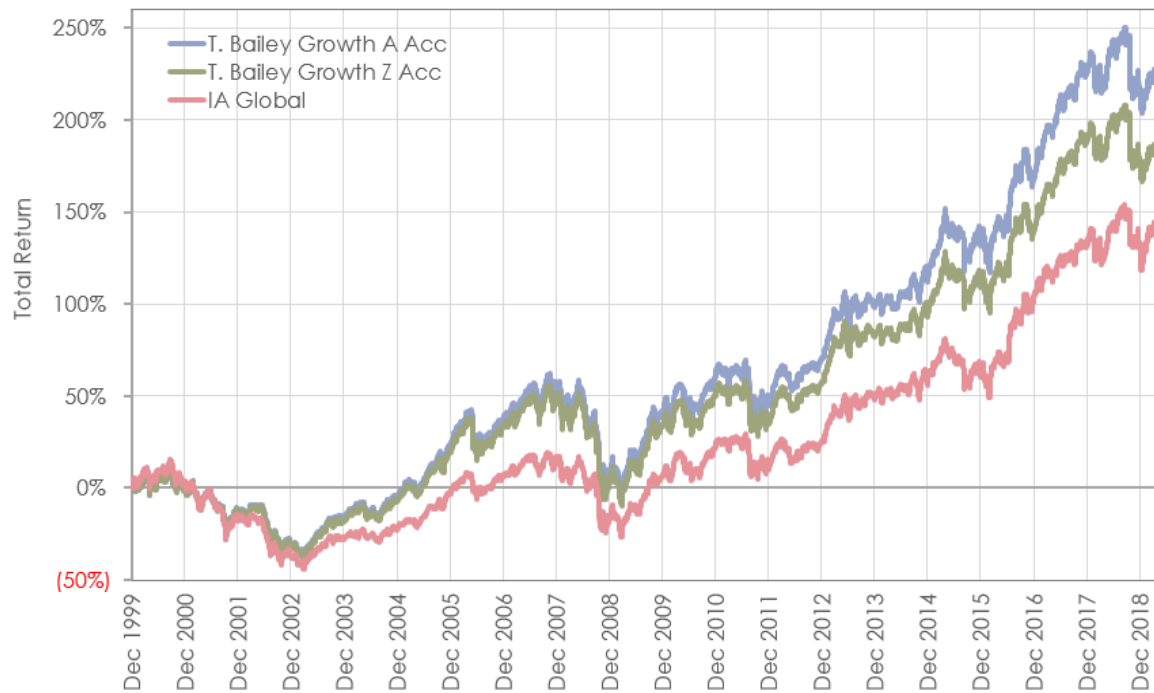
Source: Financial Express. Total return, Sterling terms. Bid to bid.

INVESTMENT REVIEW (CONTINUED)

Benchmark

We show the performance since launch of the T. Bailey Growth Fund against its benchmark, the IA Global Sector Average, below.

Performance Since Launch



Source: T. Bailey Asset Management Limited, Financial Express. Total return, Sterling terms. Bid to bid.

Past performance is not a reliable indicator of future results. Investors are reminded that the price of units and the revenue derived from them is not guaranteed and may go down as well as up.

On the following page we show the calendar year performance of the T. Bailey Growth Fund relative to its benchmark, the IA Global Sector Average, and the contribution to this performance made by each part of our investment process. (For the purpose of this analysis, the figures are provided before the T. Bailey annual management charge, but after all the fees associated to the underlying investments):

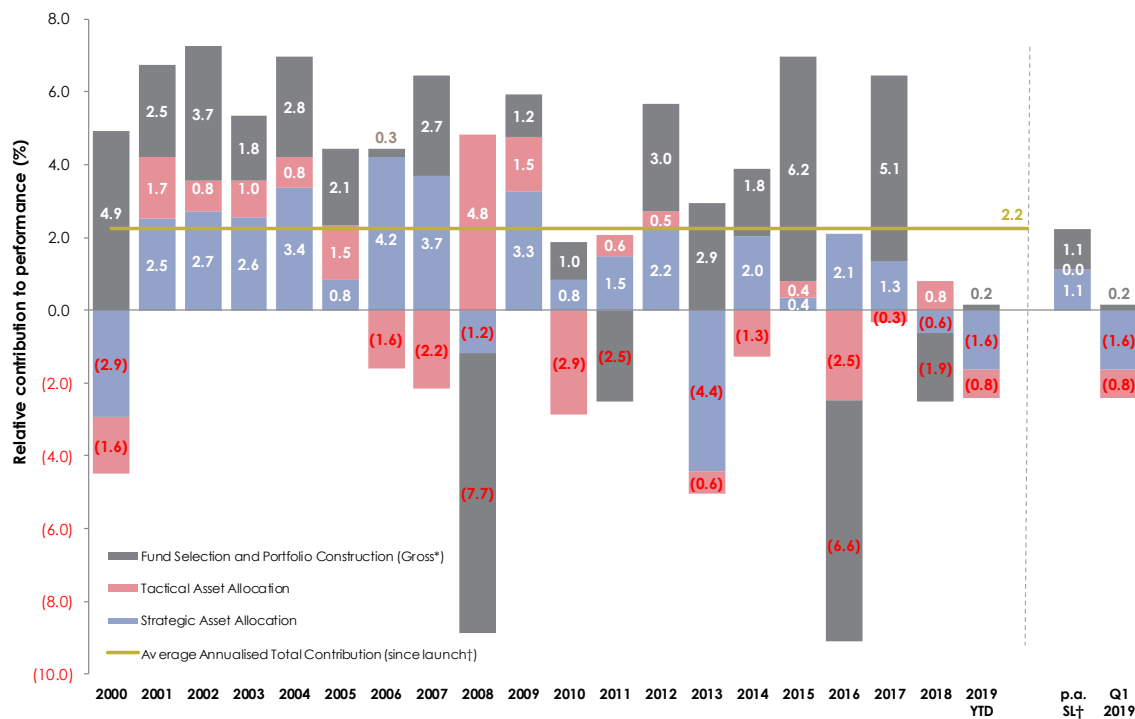
- Strategic Asset Allocation (SAA) i.e. choosing a longer-term allocation for an exposure to global equities;
- Tactical Asset Allocation (TAA) i.e. short-term movements around Strategic Asset Allocation; and,
- Fund Selection (FS) i.e. the actual choosing of funds and managers we are backing.

INVESTMENT REVIEW (CONTINUED)

These figures indicate that in times of market upheaval (as was the case back in 2008) our Tactical Asset Allocation, used as a mechanism to act on countering identified potential risks, acts as the primary driver of returns, adding +0.8% in 2018. Whilst Fund Selection has delivered a positive relative return of +0.2% in the first quarter of 2019, this follows a difficult 2018 calendar year for Fund Selection which lagged the strength of the wider market. During a period where short termism and market volatility were prevalent, our long-term Strategic Asset allocation was a detractor from performance.

In aggregate, from the launch of the T. Bailey Growth Fund to 31 March 2019, Strategic Asset Allocation has provided +1.1% per annum in excess of the average returns of the peer group. Fund Selection has contributed an additional +1.1% per annum to this outperformance, whilst the least consistent and least rewarding of the three components in performance terms has been Tactical Asset Allocation.

Calendar Year Performance Attribution



Source: T. Bailey Asset Management Limited, Financial Express. Total return, Sterling terms. Due to rounding, numbers presented may not add up precisely to the totals indicated.

* Includes the charges of the underlying sub funds but excludes the annual management charge for the T. Bailey Growth Fund.

† Performance annualised since launch on 13 December 1999 versus that of the IA Global Sector Average.

Past performance is not a reliable indicator of future results. Investors are reminded that the price of units and the revenue derived from them is not guaranteed and may go down as well as up.

INVESTMENT REVIEW (CONTINUED)

Strategic Asset Allocation

Those familiar with the investment process we adopt for the T. Bailey Growth Fund will recognise that our first step is to set out the Strategic Asset Allocation for the Fund. This is an allocation to global assets that we review every three years to take in to account changing economic, investment and geopolitical circumstances in order that we do not lose sight of longer-term trends. The SAA has provided a bedrock of performance for the Fund over the longer-term, outperforming the Fund's benchmark, the IA Global Sector Average by 1.1% per annum on average since launch.

In the table below we show the changes made to this positioning since the launch of the T. Bailey Growth Fund.

History of Strategic Asset Allocation Weightings for the T. Bailey Growth Fund

	SAA 1	SAA 2	SAA 3	SAA 4	SAA 5	SAA 6	SAA 7
From:	13 Dec 1999	1 Feb 2003	1 April 2006	1 Apr 2009	1 Apr 2012	1 Apr 2015	1 Apr 2018
To:	31 Jan 2003	31 Mar 2006	31 Mar 2009	31 Mar 2012	31 Mar 2015	31 Mar 2018	Present
Equity Market Region	(%)	(%)	(%)	(%)	(%)	(%)	(%)
United Kingdom	50.0	50.0	40.0	25.0	10.0	10.0	10.0
United States	17.5	20.0	15.0	25.0	25.0	20.0	-
Europe (ex. UK)	17.5	10.0	15.0	15.0	10.0	10.0	4.0
Japan	10.0	5.0	7.5	7.5	5.0	12.0	10.0
Pacific Basin (ex. Japan)	5.0	5.0	7.5	10.0	10.0	15.0	20.0
Emerging Markets	-	10.0	15.0	17.5	20.0	5.0	-
Latin America	-	-	-	-	-	-	8.0
Global Thematic	-	-	-	-	20.0	26.0	42.0
Cash	-	-	-	-	-	2.0	6.0
	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: T. Bailey Asset Management Limited.

The most recent update of the SAA was implemented on 1 April 2018.

Through more recent iterations of the SAA an increasing proportion of the portfolio has been allocated to global investment themes. These are not driven by geography but rather focus on investments where robust demand is likely to exceed supply for the foreseeable future backed by demographic trends such as ageing populations, global challenges such as climate change and human progress driven by technology where companies focus on human, social and environmental capital. We invest with managers that have a sound understanding and strong conviction to back these themes over the longer-term.

Tactical Asset Allocation

Tactical Asset Allocation is perhaps the most difficult part of our investment process from which we believe we can add additional performance for the Fund. Accordingly, we take a very measured approach to Tactical Asset Allocation, using it as a mechanism to act on countering identified potential risks to the portfolio more than to seek additional short-term growth opportunities.

INVESTMENT REVIEW (CONTINUED)

Asset Allocation

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

Sector	Asset allocation as at 31 March 2019 (%)	Asset allocation as at 31 March 2018 (%)
Absolute Return	3.5	-
Emerging Market Equities	8.2	7.1
Europe (ex. UK) Equities	4.1	10.7
Global and Thematic Equities	33.4	38.6
Japan Equities	10.9	11.3
Pacific Basin (ex. Japan) Equities	9.3	11.1
UK Equities	21.8	10.6
US Equities	3.9	2.5
Forward Currency Contracts	-	(0.2)
Cash and Other	4.9	8.3
Total	100.0	100.0

The full list of holdings at the period end date is shown in the portfolio statement on pages 18 to 20.

Fund Selection

During the first half of the period, we sought to broaden the exposure of the portfolio across developing nations, reducing exposure to those of Asia in favour of Latin America. As a result, we exited the holding in the Hermes Asia ex Japan Equity Fund and added to the RWC Global Emerging Markets Fund.

With a lower allocation to Continental European equities suggested by the revised Strategic Asset Allocation at the start of the period, we reduced exposure by trimming the holding in the Baring Europe Select Fund. Reduced conviction in the region saw us cut back this exposure further in the second half of the period as we exited the remaining holdings in both the Baring fund and the Oyster European Mid and Small Cap Fund.

Oversold valuations in the UK presented an opportunity to add to our existing holdings in the MI Chelverton UK Equity Growth Fund and the LF Gresham House UK Micro Cap Fund as well as introduce a new holding in the Man GLG UK Undervalued Assets Fund.

In seeking to focus our global thematic exposure through funds differentiated from global indices, we exited our positions in the Pictet Security Fund, the Nordea Global Climate & Environment Fund and the L&G ROBO Global Robotics & Automation Fund and topped up our holdings in the Lazard Global Listed Infrastructure Equity Fund and the Sarasin Food & Agriculture Opportunities Fund.

The portfolio at the end of the period consisted of 24 holdings, not including cash. We look for a diverse collection of holdings, each of which being able to add a different characteristic to the portfolio that, in combination with our chosen asset allocation, can assist the portfolio overall in delivering strong risk adjusted returns.

An obvious differentiator between funds is their geographic focus, but in addition, market capitalisation, sector exposure and management style are amongst the other broad factors that we consider to construct a diverse but effective growth portfolio. Overriding our choices however are a handful of traits that, in addition to the obvious necessary skill and expertise required by managers, help single-out the better opportunities amongst the thousands of funds available to us:

INVESTMENT REVIEW (CONTINUED)

- The interests of the underlying manager must be aligned with those of their investors.
- The underlying manager should be rewarded by the performance their fund generates rather than the assets they can accumulate through marketing activities.
- The investment approach taken should not be constrained by inappropriate biases or labels that are not in the long-term interests of the investors.

In aggregate, the longer-term results of this approach have been beneficial with Fund Selection adding 1.1% per annum above the performance of the sector average since launch and after all ongoing charges of these funds are taken in to account.

Outlook

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

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

Whilst the second half of 2018 saw prices recalibrate continually reflecting negative news, investors seizing the opportunity to again participate in the markets has driven a recovery through Q1 2019 paving the way for more optimistic expectations for the second half of the year. We remain cautious. Whilst socio political factors may begin to resolve or at least present some clarity, the fundamental economic growth environment remains largely unchanged. Inflationary pressures continue to build in economies approaching full capacity and the effects of supportive monetary policies of the past decade are abating.

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

We believe there are other factors that stand apart from short term dynamics of capital markets. These are driven by the evolving needs of people across the world and therefore have a greater influence on the longer-term prospects for asset prices and transcend short-term changes in sentiment. Our focus on themes such as aging populations, environmental change and disruptive technologies seek to identify companies that will grow to meet increasing need for solutions to these areas.

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

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

PORTFOLIO STATEMENTAs at 31 March 2019

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Absolute Return (3.5%; 31.03.18 - 0.0%)		
75,250 Odey European Focus Absolute Return	7,651,362	3.5
	7,651,362	3.5
Emerging Market Equities (8.2%; 31.03.18 - 7.1%)		
5,336,485 MI Somerset Emerging Markets Dividend Growth	9,007,453	4.2
47,317 RWC Global Emerging Markets	8,563,492	4.0
	17,570,945	8.2
Europe (ex. UK) Equities (4.1%; 31.03.18 - 10.7%)		
5,013,692 LF Miton European Opportunities	8,902,812	4.1
	8,902,812	4.1
Global and Thematic Equities (33.4%; 31.03.18 - 38.6%)		
705,964 Baillie Gifford Global Discovery	10,843,615	5.0
3,522,986 IP Group	3,093,182	1.4
6,071,594 Lazard Global Listed Infrastructure Equity	11,577,316	5.4
831,087 Polar Capital Automation & Artificial Intelligence	6,873,092	3.2
1,406,904 Polar Capital Global Insurance	9,277,968	4.3
282,232 Polar Capital Healthcare Opportunities	11,038,109	5.1
53,543 Robeco SAM Smart Materials	8,821,201	4.1
5,015,995 Sarasin Food & Agriculture Opportunities	10,583,748	4.9
	72,108,231	33.4
Japan Equities (10.9%; 31.03.18 - 11.3%)		
248,633 Baillie Gifford Japan Smaller Companies	11,889,626	5.5
4,599,346 JPM Japan	11,544,358	5.4
	23,433,984	10.9

PORTFOLIO STATEMENT (CONTINUED)As at 31 March 2019

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Pacific Basin (ex. Japan) Equities (9.3%; 31.03.18 - 11.1%)		
21,929 Alquity Indian Subcontinent	3,769,298	1.7
213,948 Matthews Asia India	4,180,546	1.9
87,078 Prusik Asian Equity Income	12,182,630	5.7
	<hr/> 20,132,474	<hr/> 9.3
UK Equities (21.8%; 31.03.18 - 10.6%)		
5,101,374 LF Gresham House UK Micro Cap	8,332,074	3.9
5,593,536 Man GLG UK Undervalued Assets	9,039,155	4.2
2,500,000 Merian Chrysalis	2,725,000	1.3
5,657,750 MI Chelverton UK Equity Growth	11,903,907	5.5
404,119 Polar Capital UK Absolute Equity	8,074,300	3.7
603,757 Polar Capital UK Value Opportunities	6,828,487	3.2
	<hr/> 46,902,923	<hr/> 21.8
US Equities (3.9%; 31.03.18 - 2.5%)		
7,288,750 LF Miton US Smaller Companies	8,481,918	3.9
	<hr/> 8,481,918	<hr/> 3.9
Portfolio of investments	205,184,649	95.1
Net other assets	10,503,271	4.9
Total net assets	<hr/> 215,687,920	<hr/> 100.0

PORTFOLIO STATEMENT (CONTINUED)As at 31 March 2019

Asset Class	Asset class allocation as at 31 March 2019 (%)	Asset class allocation as at 31 March 2018 (%)
Collective Investment Schemes	92.4	85.8
Equities	1.4	1.9
Exchange Traded Funds	-	4.2
Forward Currency Contracts	-	(0.2)
Investment Trusts	1.3	-
Cash and Other	4.9	8.3
Total	100.0	100.0

SUMMARY OF FUND PERFORMANCE

A Accumulation Units	1 Apr 2018 to 31 Mar 2019 (pence per unit)	1 Apr 2017 to 31 Mar 2018 (pence per unit)	1 Apr 2016 to 31 Mar 2017 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	158.79	147.60	121.17
Return before operating charges*	6.03	12.22	27.33
Operating charges	(1.08)	(1.03)	(0.90)
Return after operating charges*	4.95	11.19	26.43
Distributions	0.00	0.00	0.00
Retained distributions on accumulation units	0.00	0.00	0.00
Closing net asset value per unit	163.74	158.79	147.60
* after direct transaction costs of:	0.01	0.00	0.00
Performance			
Return after charges	3.12%	7.58%	21.81%
Other information			
Closing net asset value	£185,179,865	£178,365,121	£162,873,168
Closing number of units	113,096,919	112,329,182	110,349,230
Operating charges (p.a.)	1.53%	1.53%	1.62%
Direct transaction costs (p.a.)	0.00%	0.00%	0.00%
Prices			
Highest published unit price	175.02	168.56	148.67
Lowest published unit price	151.83	145.22	118.45

Past performance is not a reliable indicator of future results. Investors are reminded that the price of units and the revenue derived from them is not guaranteed and may go down as well as up.

SUMMARY OF FUND PERFORMANCE (CONTINUED)

Z Accumulation Units	1 Apr 2018 to 31 Mar 2019	1 Apr 2017 to 31 Mar 2018	1 Apr 2016 to 31 Mar 2017
	(pence per unit)	(pence per unit)	(pence per unit)
Change in net assets per unit			
Opening net asset value per unit	157.95	148.13	122.71
Return before operating charges*	5.99	12.25	27.53
Operating charges	(2.53)	(2.43)	(2.11)
Return after operating charges*	3.46	9.82	25.42
Distributions	0.00	0.00	0.00
Retained distributions on accumulation units	0.00	0.00	0.00
Closing net asset value per unit	161.41	157.95	148.13
* after direct transaction costs of:	0.01	0.00	0.00
Performance			
Return after charges	2.19%	6.63%	20.72%
Other information			
Closing net asset value	£30,454,830	£31,470,513	£35,367,746
Closing number of units	18,867,521	19,924,050	23,875,669
Operating charges (p.a.)	2.43%	2.43%	2.52%
Direct transaction costs (p.a.)	0.00%	0.00%	0.00%
Prices			
Highest published unit price	173.42	167.99	149.27
Lowest published unit price	150.02	145.69	119.82

Past performance is not a reliable indicator of future results. Investors are reminded that the price of units and the revenue derived from them is not guaranteed and may go down as well as up.

SUMMARY OF FUND PERFORMANCE (CONTINUED)

X Accumulation Units	3 Jan 2019¹ to 31 Mar 2019 (pence per unit)
Change in net assets per unit	
Opening net asset value per unit	153.82
Return before operating charges*	10.23
Operating charges	(0.31)
Return after operating charges*	9.92
Distributions	0.00
Retained distributions on accumulation units	0.00
Closing net asset value per unit	163.74
* after direct transaction costs of:	0.01
Performance	
Return after charges	6.45%
Other information	
Closing net asset value	£53,225
Closing number of units	32,506
Operating charges (p.a.)	1.53%
Direct transaction costs (p.a.)	0.00%
Prices	
Highest published unit price	163.88
Lowest published unit price	152.97

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

Past performance is not a reliable indicator of future results. Investors are reminded that the price of units and the revenue derived from them is not guaranteed and may go down as well as up.

STATEMENT OF TOTAL RETURN
For the year ended 31 March 2019

	Notes	£	31.03.19 £	31.03.18 £
Income				
Net capital gains	2		6,737,578	14,842,910
Revenue	3	1,207,655		1,081,384
Expenses	4	(1,706,669)		(1,638,042)
Interest payable and similar charges	6	(2,571)		(823)
Net expense before taxation		(501,585)		(557,481)
Taxation	5	(5,165)		(2,664)
Net expense after taxation			(506,750)	(560,145)
Total return before distributions			6,230,828	14,282,765
Distributions	6		142	464
Change in net assets attributable to unitholders from investment activities			6,230,970	14,283,229

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

	£	31.03.19 £	31.03.18 £
Opening net assets attributable to unitholders		209,835,634	198,240,914
<i>Movements due to sales and repurchases of units:</i>			
Amounts receivable on issue of units	9,408,751		17,465,519
Amounts payable on cancellation of units	(9,787,435)		(20,154,028)
		(378,684)	(2,688,509)
Change in net assets attributable to unitholders from investment activities		6,230,970	14,283,229
Closing net assets attributable to unitholders		215,687,920	209,835,634

BALANCE SHEET
As at 31 March 2019

	Notes	31.03.19 £	31.03.18 £
Assets:			
Fixed assets:			
Investments		205,184,649	192,803,453
Current assets:			
Debtors	7	141,497	618,888
Cash and bank balances	8	10,585,065	17,112,832
Total assets		215,911,211	210,535,173
Liabilities:			
Investment liabilities		-	369,793
Creditors:			
Other creditors	9	223,291	329,746
Total liabilities		223,291	699,539
Net assets attributable to unitholders		215,687,920	209,835,634

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2019

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

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

As described in the Statement of the Authorised Fund Manager's Responsibilities, the Manager continues to adopt the going concern basis in the preparation of the financial statements of the Fund.

(b) Functional currency

The functional currency used in the financial statements is Pound Sterling because it is the currency of the primary economic environment in which the Fund operates.

(c) Recognition of revenue

Dividends and distributions on holdings, net of any irrecoverable withholding tax, are recognised when the underlying 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2019

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

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

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

(i) Distribution policy

Revenue produced by the Fund's investments is 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.

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

2. Net capital gains

	31.03.19	31.03.18
	£	£
Non-derivative securities	4,848,196	17,691,858
Currency gains/(losses)	1,143,916	(2,346,808)
Forward currency contracts gains/(losses)	733,518	(516,013)
Transaction charges	(268)	(240)
Capital management fee rebates	12,216	14,113
Net capital gains	6,737,578	14,842,910

3. Revenue

	31.03.19	31.03.18
	£	£
UK franked distributions	1,128,923	1,040,474
UK unfranked distributions	25,827	13,319
Bank interest	36,000	11,664
Revenue management fee rebates	9,448	16,913
Unfranked revenue currency gains/(losses)	7,457	(986)
Total revenue	1,207,655	1,081,384

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

4. Expenses

	31.03.19	31.03.18
	£	£
Payable to the Manager, associates of the Manager and agents of either:		
Annual management charge	1,585,435	1,518,141
Registration fees	32,241	30,309
Administration fees	8,500	8,348
	<u>1,626,176</u>	<u>1,556,798</u>
Payable to the Trustee, associates of the Trustee and agents of either:		
Trustee's fees	66,137	67,325
Safe custody fees	4,941	4,867
	<u>71,078</u>	<u>72,192</u>
Other expenses:		
Audit fee	6,822	6,600
Tax fee	2,352	2,280
FCA fee	157	172
Other expenses	84	-
	<u>9,415</u>	<u>9,052</u>
Total expenses	<u>1,706,669</u>	<u>1,638,042</u>
	31.03.19	31.03.18
	£	£
Fees payable to the Fund Auditor for the audit of the Fund's annual financial statements:		
Total audit fee	<u>6,822</u>	<u>6,600</u>
Total non audit fees - Tax compliance services	<u>2,352</u>	<u>2,280</u>

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

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

	31.03.19	31.03.18
	£	£
Analysis of charge in the year		
Irrecoverable income tax	5,165	2,664
Total current tax for the year (see note 5(b))	<u>5,165</u>	<u>2,664</u>
Deferred tax (see note 5(c))	-	-
Total taxation for the year	<u>5,165</u>	<u>2,664</u>

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

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

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

	31.03.19	31.03.18
	£	£
Net expense before taxation	<u>(501,585)</u>	<u>(557,481)</u>
Corporation tax at 20%	(100,317)	(111,496)
Effects of:		
Revenue not subject to taxation	(225,785)	(208,095)
Capital management fees rebates	2,444	2,822
Excess expenses for which no relief taken	323,658	316,769
Irrecoverable income tax	5,165	2,664
Current tax charge for the year (see note 5(a))	<u>5,165</u>	<u>2,664</u>

(c) Provision for deferred tax

At 31 March 2019, the Fund had surplus management expenses of £16,644,816 (31 March 2018: £15,026,527). The deferred tax in respect of this would be £3,328,963 (31 March 2018: £3,005,305). 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.

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

6. Distributions

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

	31.03.19	31.03.18
	£	£
Final - Accumulation (31 March)	-	-
	-	-
Revenue deducted on cancellation of units	835	1,821
Revenue received on issue of units	(977)	(2,285)
Net distribution for the year	(142)	(464)
Interest	2,571	823
Total finance costs	2,429	359
Reconciliation to net distribution for the year		
Net expense after taxation for the year	(506,750)	(560,145)
Revenue currency (losses)/gains	(1,095)	2,144
Losses transferred to capital	507,703	557,537
Net distribution for the year	(142)	(464)

Details of the distributions per unit are set out in the distribution table on page 41.

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

7. Debtors

	31.03.19	31.03.18
	£	£
Amounts receivable for issue of units	133,676	612,492
Accrued revenue	4,554	522
Prepayments	3	2
Management fee rebates recoverable	3,264	5,872
Total debtors	<u>141,497</u>	<u>618,888</u>

8. Cash and bank balances

	31.03.19	31.03.18
	£	£
Cash and bank balances	10,585,065	17,112,832
Total cash and bank balances	<u>10,585,065</u>	<u>17,112,832</u>

9. Creditors

	31.03.19	31.03.18
	£	£
Amounts payable for cancellation of units	81,218	186,122
Accrued manager fees	123,273	124,997
Accrued registration fees	2,470	2,518
Accrued administration fees	663	667
Accrued trustee fees	5,227	5,234
Accrued custody fees	1,266	1,328
Accrued audit fees	6,822	6,600
Accrued tax fees	2,352	2,280
Total creditors	<u>223,291</u>	<u>329,746</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2019

10. Related party transactions

The Manager is regarded as a related party of the Fund. The Manager acts as either agent or principal for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through 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).
- FHH Limited Pension Scheme (3,019 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 2019, there was one unitholder that held units amounting to over 25% of the Fund's total net asset value:

- Schroder & Co Nominees Limited (39.6%)

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.

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

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:

	A Accumulation
Opening units at the start of the year	112,329,181.875
Total creation of units in the year	5,398,914.544
Total cancellation of units in the year	(4,631,177.071)
Closing units at the end of the year	113,096,919.348

	Z Accumulation
Opening units at the start of the year	19,924,049.552
Total creation of units in the year	329,158.081
Total cancellation of units in the year	(1,385,686.591)
Closing units at the end of the year	18,867,521.042

	X Accumulation
Opening units at the start of the year	-
Total creation of units in the year	32,505.526
Total cancellation of units in the year	-
Closing units at the end of the year	32,505.526

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 X Accumulation unit class was launched on 3 January 2019.

The net asset value of each unit class, the net asset value per unit and the number of units in each class are given in the Summary of Fund Performance tables on pages 21 to 23. The distributions per unit class are given in the distribution table on page 41. 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.

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

12. Risk management policies

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

(a) Currency exposures

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

	Net foreign currency assets at 31 March 2019			Net foreign currency assets at 31 March 2018		
	Monetary exposures	Non- monetary exposures	Total	Monetary exposures	Non- monetary exposures	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Euro	-	-	-	-	9,033	9,033
US Dollar	10,707	12,183	22,890	6,127	11,061	17,188

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 £1,107,512 (31 March 2018: £1,860,437). 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 £1,353,626 (31 March 2018: £2,273,868). These calculations assume all other variables remain constant.

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

(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:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not bearing interest £'000	Floating rate financial liabilities £'000	Financial liabilities not bearing interest £'000	Total £'000
31.03.19						
Sterling	-	-	193,143	(122)	(223)	192,798
US Dollar	10,707	-	12,183	-	-	22,890
31.03.18						
Euro	-	-	9,033	-	-	9,033
Sterling	10,986	-	172,959	-	(330)	183,615
US Dollar	6,127	-	11,431	-	(370)	17,188

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2019

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

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 £20,518,464 (31 March 2018: £19,243,366). This calculation assumes all other variables remain constant.

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

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

Valuation technique	INVESTMENT ASSETS	
	31 March 2019	31 March 2018
	£	£
Level 1: Quoted Prices	5,818,182	12,844,783
Level 2: Observable Market Data	199,366,467	179,958,670
Level 3: Unobservable Data	-	-
	<u>205,184,649</u>	<u>192,803,453</u>

Valuation technique	INVESTMENT LIABILITIES	
	31 March 2019	31 March 2018
	£	£
Level 1: Quoted Prices	-	-
Level 2: Observable Market Data	-	369,793
Level 3: Unobservable Data	-	-
	<u>-</u>	<u>369,793</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. As at the previous year-end date, the Fund held derivatives with a total unrealised loss of £369,793.

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

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

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties incurred when purchasing and selling the underlying securities. In addition to direct transaction costs below, indirect costs are incurred through the bid-offer spread. It is not possible for the 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:

	31.03.19		31.03.18	
	£		£	
Analysis of total purchase costs				
PURCHASES				
Collective Investment Schemes	49,777,000		69,759,248	
Equities	-		4,130,559	
Investment Trusts	2,500,000		-	
Net purchases before direct transaction costs	52,277,000		73,889,807	
		% of total		
		purchases	% of total	
			purchases	
DIRECT TRANSACTION COSTS				
Collective Investment Schemes	-	0.00%	-	0.00%
Investment Trusts	-	0.00%	-	0.00%
Total direct transaction costs	-	0.00%	-	0.00%
Gross purchases total	52,277,000		73,889,807	
Analysis of total sale costs				
SALES				
Collective Investment Schemes	37,763,833		83,749,605	
Equities	-		4,130,559	
Exchange Traded Funds	8,065,961		1,052,238	
Gross sales before direct transaction costs	45,829,794		88,932,402	
		% of total		
		sales	% of total	
			sales	
DIRECT TRANSACTION COSTS				
Exchange Traded Funds	(8,066)	0.02%	(1,052)	0.00%
Total direct transaction costs	(8,066)	0.02%	(1,052)	0.00%
Net sales total	45,821,728		88,931,350	

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

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

	31.03.19		31.03.18	
	% of average		% of average	
	£	NAV	£	NAV
Analysis of total direct transaction costs				
Exchange Traded Funds	8,066	0.00%	1,052	0.00%
Total direct transaction costs	8,066	0.00%	1,052	0.00%

(b) Average portfolio dealing spread

The average portfolio dealing spread of the investments at the balance sheet date was 0.07% (31 March 2018: 0.02%). This is calculated as the difference between the offer and bid value of the portfolio as a percentage of the offer value.

14. Capital commitments and contingent liabilities

The Fund had no capital commitments or contingent liabilities at the balance sheet date (31 March 2018: £nil).

15. Post balance sheet events

Subsequent to the year-end, the net asset value per unit of the Z Accumulation unit class has increased from 161.41p to 169.85p as at 16 July 2019. This movement takes into account routine transactions but also reflects the market movements of recent months. There are no post balance sheet events which require adjustments at the year-end.

DISTRIBUTION TABLEFor the year ended 31 March 2019

Final Distribution (31 March 2019)

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

Group 2 - Units purchased after 31 March 2018

Units	Revenue	Equalisation ¹	Paid/Accumulated	Paid/Accumulated
	(pence)	(pence)	31.05.19 (pence)	31.05.18 (pence)
A Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
Z Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
X Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-

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

DIRECTORY

Authorised Fund Manager

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

Authorised and regulated by the Financial Conduct Authority.

Directors of the Authorised Fund Manager

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

Investment Manager

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Trustee

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

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