



T. Bailey Growth Fund

Annual Report & Audited Financial Statements

For the year ended 31 March 2021

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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 39.

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: www.tbaileyfs.co.uk.

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 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.

INVESTMENT OBJECTIVE AND POLICY

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").

ONGOING CHARGES FIGURE

The Ongoing Charges Figure ('OCF') provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the Annual Management Charge, but also includes the costs for other services paid in respect of Trustee, custody, FCA and audit fees. As the Fund invests in other funds, the weighted average costs of the underlying funds are also taken into account. The OCFs, as calculated in accordance with ESMA guidelines, are disclosed as 'Operating charges (p.a.)' in the Summary of Fund Performance tables on pages 18 to 19.

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.

REMUNERATION POLICY OF THE AUTHORISED FUND MANAGER

Remuneration policy of the Manager

TBFS and the holding company of TBFS, T. Bailey Holdings Limited ('TBH'), have the following policies and practices for those staff whose professional activities have a material impact on the risk profile of the activities of the Manager. Based on FCA guidance the Manager is considered as Proportionality Level 3 under the Remuneration Code as total assets under administration are less than £15bn. TBFS is a UCITS firm and is therefore subject to the UCITS V Directive Remuneration Code.

The Remuneration Policy of the Manager:

- (i) is consistent with and promotes sound and effective risk management;
- (ii) does not encourage risk taking that exceeds the level of tolerated risk of the relevant UCITS managed by TBFS;
- (iii) encourages behaviour that delivers results which are aligned to the interests of the UCITS managed by TBFS;
- (iv) aligns the interests of Code Staff with the long-term interests of TBFS, the funds it manages and its investors;
- (v) recognises that remuneration should be competitive and reflect both financial and personal performance. Accordingly, Remuneration for Code Staff is made up of fixed pay (salary and benefits, including pension) and variable (performance-related) pay; 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.

There is no remuneration committee. The Board of TBH oversees the setting and review of remuneration levels performed by the operating Board of TBFS. From an overall group perspective and operating company level, remuneration is set within the context of a 5-year plan which ensures any threats to capital adequacy, liquidity and solvency caused by excessive remuneration would be identified. The bonus arrangements including the staff bonus pool are set annually as part of the annual operating plan and any changes to the pool require approval by the CEO of TBFS and also the Board of TBH.

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

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

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

The remuneration policy has remained consistent throughout the period.

REMUNERATION POLICY OF THE AUTHORISED FUND MANAGER (CONTINUED)

Total remuneration paid by the Authorised Fund Manager for the year ended 30 September 2020

Total Number of Staff	46
	£'000
Fixed	1,698
Variable	<u>38</u>
Total Remuneration Paid	<u>1,736</u>

Total remuneration paid by the Authorised Fund Manager to Remuneration Code Staff for the year ended 30 September 2020

	Senior Management	Staff with Material Impact
Total Number of Staff	11	-
	£'000	£'000
Fixed	797	-
Variable	<u>26</u>	-
Total Remuneration Paid	<u>823</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 ("Manager") of T. Bailey Growth Fund ("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.

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 30 July 2021.

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, Chief Operations Officer
T. Bailey Fund Services Limited
Nottingham, United Kingdom
30 July 2021

Rachel Elliott, Chief Financial Officer
T. Bailey Fund Services Limited
Nottingham, United Kingdom
30 July 2021

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
30 July 2021

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 2021 and of the net revenue and the net capital gains on the property of the Fund for the year ended 31 March 2021; 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, 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 (the 'FRCs'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

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Responsibilities of the Trustee and Manager

As explained more fully in the Statement of Trustee's Responsibilities and the Statement of the 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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Fund's industry and its control environment, and reviewed the Fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

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

We obtained an understanding of the legal and regulatory framework that the Fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the Collective Investment Schemes Sourcebook and relevant tax legislation;
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Fund's ability to operate or to avoid a material penalty. These included the Open-Ended Investment Companies Regulations 2001.

We discussed among the audit engagement team including relevant internal specialist such as valuations and IT Specialist regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and FCA.

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 disclosed in the annual report for the year ended 31 March 2021 for the purpose of complying with paragraph 4.5.9R of the Collective Investment Schemes Sourcebook 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
30 July 2021

INVESTMENT REVIEW

Performance

Cumulative returns for the periods ended 31 March 2021 (%)				
	1 year	3 years	5 years	
TBGF – A Accumulation	52.24	38.59	80.65	
TBGF – X Accumulation**	52.24	N/A	N/A	
IA Global Sector Average*	40.59	43.94	89.97	

Discrete returns for the 12 month periods ended 31 March (%)					
	2021	2020	2019	2018	2017
TBGF – A Accumulation	52.24	(11.51)	2.88	6.30	22.62
TBGF – X Accumulation**	52.24	(11.50)	N/A	N/A	N/A
IA Global Sector Average*	40.59	(6.04)	8.97	2.66	28.56

Rolling returns for the 3 year periods ended 31 March (%)					
	2021	2020	2019	2018	2017
TBGF – A Accumulation	38.59	(3.23)	34.09	31.19	48.14
TBGF – X Accumulation**	N/A	N/A	N/A	N/A	N/A
IA Global Sector Average*	43.94	5.11	43.82	27.54	43.23

* Target Benchmark. **X Unit Class Launched 3 January 2019

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

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

The performance outcome of the past year stands in stark contrast to that of the previous annual period which was negatively impacted by Covid-19 arriving in Europe in mid-February 2020. Substantial monetary and fiscal stimuli applied by governments and central banks in response to the pandemic initiated a recovery in risk assets from the start of the period.

The speed of the recovery in growth equities was extreme by historical standards.

The rebound in risk asset prices was focused on the beneficiaries of the lockdowns and partial lockdowns in many countries. Whilst many technology companies prospered due to their ability to grow without the constraints imposed by physical restrictions, and indeed benefit from them, many traditional economy companies saw their existence threatened – especially in the retail, hospitality and travel sectors.

INVESTMENT REVIEW (CONTINUED)

The severe market volatility at the start of the period gradually subsided but remained elevated, serving a reminder that the economic outlook into 2021, beyond the immediate recession, was far from clear. Question marks over the high valuations of technology companies continued to elevate concerns. September provided further evidence of that volatility as political influences on both sides of the Atlantic via Brexit uncertainty and the looming US Presidential Election in November raised investor nervousness. Both issues were clarified and offered some investor comfort by calendar year end. Biden was confirmed as US President and his new administration presented a significant US\$1.9 trillion stimulus plan to the US economy in early 2021 with the promise of more to come. In the final days of 2020, an agreement was reached between the UK and the European Union ending the cliff-hanger of the will there/won't there be a Brexit withdrawal agreement before the year-end deadline.

Against this backdrop, the second half of the year saw continued strong performance for asset markets, albeit not as strong as in the previous six-month period. A continuation of low interest rates and ample money supply provided a positive backdrop for financial markets. Covid-19 and infection rates dominated investor sentiment which was dented by the emergence of a new variant causing new lockdowns towards the end of 2020. However, investors were buoyed by the announcement of a vaccine on November 9th. This announcement helped investors to look beyond the immediate challenges of lockdowns to a time in 2021 when vaccine rollouts would permit economies to re-open. Consequently, many companies that had performed poorly since the outset of the pandemic experienced a significant rebound in their share prices and, in the process, recovered some of the ground they had lost to the digital economy winners since end-March 2020.

With the UK being among the leaders in vaccine rollouts and with the Brexit risk diminished, UK equities, for so long unloved, found favour among UK and overseas investors.

Despite bouts of volatility, equity markets ended the 12-month period well above where they started.

Working from Home

The TBAM investment team has worked from home for the duration of the period under review. Having tested the ability to work from home on numerous occasions as part of good business practice, the move was seamless. Primarily using Microsoft Teams augmented by Zoom, the whole team has been able to maintain regular daily contact with each other, frequent contact with clients and providers alike. Not being able to travel has enabled greater productivity. Importantly for our investors, they can be reassured that their investments have been managed without any operational issues over the past year.

INVESTMENT REVIEW (CONTINUED)

Asset Allocation

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

Sector	Asset allocation as at 31 March 2021 (%)	Asset allocation as at 31 March 2020 (%)
Emerging Market Equities	-	5.8
Europe (ex. UK) Equities	6.9	5.2
Global and Thematic Equities	43.5	38.9
Japan Equities	9.7	11.0
Pacific Basin (ex. Japan) Equities	12.6	6.8
UK Equities	20.3	16.9
US Equities	4.4	4.5
Cash and Other	2.6	10.9
Total	100.0	100.0

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

Some of the cash accumulated in February and early March 2020 was put to work at the beginning of the period focusing on the winners of the 'new normal' – the digital economy. Greater exposure to cash generative, low fixed-cost businesses exposed to online retail, distribution, cloud computing and cybersecurity provided the opportunity to give a greater focus to the Fund's thematic equity allocation and proved beneficial to performance. While activity in the T. Bailey Growth Fund increased in April and May as the focus moved towards the winners of a Covid-19 environment, the ensuing months saw reduced levels of portfolio activity as positioning was seen to be relevant for a post-pandemic scenario too.

Cash was maintained at close to 10% for much of the first half of the period to have ammunition should there be a significant sell-off raising an opportunity to buy good assets at cheaper levels.

Some cash was put to work from October as equity markets pulled back from previously higher levels that reflected the digital economy inspired price surge from the previous six months. Gold exposure in the portfolio made way for industrial metals reflecting their relative attractiveness as real assets during a period of economic recovery.

As thematic investors, our focus remained on those digital economy winners, but money was also put to work in newer themes such as clean energy. UK exposure was increased, reflecting the view that a cheap UK stock market would improve once the factors causing its previous relative underperformance had been significantly reduced. Indeed, the UK's excellent vaccine rollout programme aided the UK's relative stock market recovery versus other geographies.

The investment team have maintained their emphasis on long-term investment themes populated by companies with low leverage and good free cashflow in industries exhibiting a low dependence on high volumes, thin margins and debt.

Outlook

The backdrop of the past 12 months has presented an eventful period within which to manage investors' assets. Despite this, performance has been strong, but we remain mindful of the challenges ahead. Whilst the overhanging political uncertainty particularly in the US and UK may have abated, the ongoing and evolving risks of the global Covid-19 pandemic both socially and economically, remain. As we have seen over the past year, developments present themselves quickly, whether they be positive in the form of near miraculous speed and success of vaccine creation and subsequent roll outs, or negative with news of additional mutations and government reactions, they have the ability to turn investor sentiment and catalyse market rotations.

Our belief remains that the stance of the world's central banks and desire to do whatever it takes to cushion the impact of uncertainty and Covid-19 on economies, is key. Central banks control monetary policy and they have signalled that interest rates are unlikely to rise for the foreseeable future. They also have the ability to keep longer term rates from rising too. Against such a backdrop, despite the current uncertainties, risk assets should be supported.

Remaining active and cognisant of the changing environment, our focus remains on those themes we believe will be the drivers of longer-term performance encompassing innovation, healthcare, finite resources and demographics.

Elliot Farley
Fund Manager
T. Bailey Asset Management Limited
Nottingham, United Kingdom
30 July 2021

Peter Askew
Fund Manager
T. Bailey Asset Management Limited
Nottingham, United Kingdom
30 July 2021

PORTFOLIO STATEMENTAs at 31 March 2021

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Europe (ex. UK) Equities (6.9%; 31.03.20 - 5.2%)		
35,856 Aubrey European Conviction	5,316,333	2.0
4,461,693 LF Miton European Opportunities	13,220,890	4.9
	<hr/> 18,537,223	<hr/> 6.9
Global and Thematic Equities (41.9%; 31.03.20 - 38.9%)		
403,777 Baillie Gifford Global Discovery	10,696,044	4.0
2,436,902 Baillie Gifford Health Innovation	2,272,167	0.8
443,338 First Trust Cloud Computing	12,896,702	4.8
1,482,764 iShares Digitalisation	10,981,049	4.1
996,005 Polar Capital Automation & Artificial Intelligence	13,007,828	4.8
219,506 Polar Capital Healthcare Opportunities	10,255,332	3.8
53,543 Robeco SAM Smart Materials	12,209,934	4.6
4,562,891 Sarasin Food & Agriculture Opportunities	10,782,111	4.0
75,739 Schroder Global Energy Transition	12,150,101	4.5
276,319 TT Environmental Solutions	4,233,294	1.6
1,288,707 WisdomTree Industrial Metals	13,073,839	4.9
	<hr/> 112,558,401	<hr/> 41.9
Japan Equities (9.7%; 31.03.20 - 11.0%)		
216,143 Baillie Gifford Japanese Smaller Companies	13,037,733	4.9
3,550,780 JPM Japan	12,892,882	4.8
	<hr/> 25,930,615	<hr/> 9.7

PORTFOLIO STATEMENT (CONTINUED)As at 31 March 2021

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Pacific Basin (ex. Japan) Equities (12.6%; 31.03.20 - 6.8%)		
1,124,488 Baillie Gifford Pacific	14,854,482	5.6
2,824,702 Fidelity China Consumer	11,380,723	4.2
4,247,689 VT Halo Global Asian Consumer	7,545,171	2.8
	<hr/> 33,780,376	<hr/> 12.6
UK Equities (21.9%; 31.03.20 - 16.9%)		
7,606,800 Chrysalis Investments	14,833,260	5.5
3,522,986 IP Group	4,375,549	1.6
5,101,374 LF Gresham House UK Micro Cap	11,794,376	4.4
4,322,063 MI Chelverton UK Equity Growth	15,249,104	5.7
958,881 Polar Capital UK Value Opportunities	12,503,805	4.7
	<hr/> 58,756,094	<hr/> 21.9
US Equities (4.4%; 31.03.20 - 4.5%)		
5,579,039 LF Miton US Smaller Companies	11,696,455	4.4
	<hr/> 11,696,455	<hr/> 4.4
Portfolio of investments	<hr/> 261,259,164	<hr/> 97.4
Net other assets	7,048,810	2.6
Total net assets	<hr/> 268,307,974	<hr/> 100.0

'Emerging Market Equities' sector disinvested since the beginning of the period (31 March 2020: 5.8%).

All holdings are listed on recognised stock exchanges.

PORTFOLIO STATEMENT (CONTINUED)As at 31 March 2021

Asset Class	Asset class allocation as at 31 March 2021 (%)	Asset class allocation as at 31 March 2020 (%)
Collective Investment Schemes	76.5	81.3
Equities	1.6	1.0
Exchange Traded Funds	13.8	4.7
Investment Trusts	5.5	2.1
Cash and Other	2.6	10.9
Total	100.0	100.0

SUMMARY OF FUND PERFORMANCE

A Accumulation Units	1 Apr 2020 to 31 Mar 2021 (pence per unit)	1 Apr 2019 to 31 Mar 2020 (pence per unit)	1 Apr 2018 to 31 Mar 2019 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	145.75	163.74	158.79
Return before operating charges*	75.02	(16.86)	6.03
Operating charges	(1.30)	(1.13)	(1.08)
Return after operating charges*	73.72	(17.99)	4.95
Distributions	0.00	0.05	0.00
Retained distributions on accumulation units	0.00	(0.05)	0.00
Closing net asset value per unit	219.47	145.75	163.74
* after direct transaction costs of:	0.02	0.00	0.01
Performance			
Return after charges	50.58%	(10.99)%	3.12%
Other information			
Closing net asset value	£260,225,071	£164,179,179	£185,179,865
Closing number of units	118,568,065	112,642,872	113,096,919
Operating charges (p.a.)	1.32%	1.38%	1.53%
Direct transaction costs (p.a.)	0.01%	0.00%	0.00%
Prices			
Highest published unit price	235.26	182.16	175.02
Lowest published unit price	141.50	137.31	151.83

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	1 Apr 2020 to 31 Mar 2021	1 Apr 2019 to 31 Mar 2020	3 Jan 2019¹ to 31 Mar 2019
	(pence per unit)	(pence per unit)	(pence per unit)
Change in net assets per unit			
Opening net asset value per unit	145.78	163.74	153.82
Return before operating charges*	75.07	(16.92)	10.23
Operating charges	(1.32)	(1.04)	(0.31)
Return after operating charges*	73.75	(17.96)	9.92
Distributions	0.00	0.08	0.00
Retained distributions on accumulation units	0.00	(0.08)	0.00
Closing net asset value per unit	219.53	145.78	163.74
* after direct transaction costs of:	0.02	0.00	0.01
Performance			
Return after charges	50.59%	(10.97)%	6.45%
Other information			
Closing net asset value	£8,082,903	£3,339,757	£53,225
Closing number of units	3,681,956	2,290,887	32,506
Operating charges (p.a.)	1.32%	1.38%	1.53%
Direct transaction costs (p.a.)	0.01%	0.00%	0.00%
Prices			
Highest published unit price	235.32	182.18	163.88
Lowest published unit price	141.54	137.34	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 2021

	Note	£	31.03.21 £	31.03.20 £
Income				
Net capital gains/(losses)	2		92,919,793	(22,017,506)
Revenue	3	591,774		1,524,079
Expenses	4	(1,691,843)		(1,658,198)
Interest payable and similar charges	6	(52)		(4,217)
Net expense before taxation		(1,100,121)		(138,336)
Taxation	5	(37)		(1,252)
Net expense after taxation			(1,100,158)	(139,588)
Total return/(loss) before distributions			91,819,635	(22,157,094)
Distributions	6		(206)	(55,295)
Change in net assets attributable to unitholders from investment activities			91,819,429	(22,212,389)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
For the year ended 31 March 2021

	Note	£	31.03.21 £	31.03.20 £
Opening net assets attributable to unitholders			182,700,329	215,687,920
<i>Movements due to sales and repurchases of units:</i>				
Amounts receivable on issue of units		53,801,072		20,346,354
Amounts payable on cancellation of units		(60,012,856)		(31,179,364)
			(6,211,784)	(10,833,010)
Change in net assets attributable to unit holders from investment activities			91,819,429	(22,212,389)
Retained distributions on accumulation units	6		-	57,808
Closing net assets attributable to unitholders			268,307,974	182,700,329

BALANCE SHEET
As at 31 March 2021

	Note	31.03.21 £	31.03.20 £
Assets:			
Fixed assets:			
Investments		261,259,164	162,837,524
Current assets:			
Debtors	7	1,248,055	165,092
Cash and bank balances	8	6,532,729	20,077,876
Total assets		269,039,948	183,080,492
Liabilities:			
Creditors:			
Other creditors	9	731,974	380,163
Total liabilities		731,974	380,163
Net assets attributable to unitholders		268,307,974	182,700,329

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

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 bid prices, and quoted prices for single priced funds, on the balance sheet date, with any gains or losses arising on measurement recognised in the statement of total return. If bid 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)For the year ended 31 March 2021

2. Net capital gains/(losses)

	31.03.21	31.03.20
	£	£
Non-derivative securities	95,965,409	(22,716,949)
Currency (losses)/gains	(3,045,157)	686,524
Transaction charges	(463)	(220)
Capital management fee rebates	4	13,139
Net capital gains/(losses)	92,919,793	(22,017,506)

3. Revenue

	31.03.21	31.03.20
	£	£
UK franked distributions	550,892	1,515,441
UK unfranked distributions	184	6,260
Bank interest	-	18,528
Revenue management fee rebates	-	8,028
Unfranked revenue currency gains/(losses)	40,698	(24,178)
Total revenue	591,774	1,524,079

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the year ended 31 March 2021

4. Expenses

	31.03.21	31.03.20
	£	£
Payable to the Manager, associates of the Manager and agents of either:		
Annual management charge	1,524,569	1,524,657
Registration fees	67,250	37,656
Administration fees	14,986	8,569
	<u>1,606,805</u>	<u>1,570,882</u>
Payable to the Trustee, associates of the Trustee and agents of either:		
Trustee's fees	68,432	66,769
Safe custody fees	5,647	5,362
	<u>74,079</u>	<u>72,131</u>
Other expenses:		
Audit fee	7,662	7,404
Tax fee	2,796	2,352
FCA fee	168	164
Other expenses	333	5,265
	<u>10,959</u>	<u>15,185</u>
Total expenses	<u>1,691,843</u>	<u>1,658,198</u>
	31.03.21	31.03.20
	£	£
Fees payable to the Fund Auditor for the audit of the Fund's annual financial statements:		
Total audit fee	<u>7,662</u>	<u>7,404</u>
Total non-audit fees - Tax compliance services	<u>2,796</u>	<u>2,352</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the year ended 31 March 2021

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

	31.03.21	31.03.20
	£	£
Analysis of charge in the year		
Irrecoverable income tax	37	1,252
Total current tax for the year (see note 5(b))	<u>37</u>	<u>1,252</u>
Deferred tax (see note 5(c))	-	-
Total taxation for the year	<u>37</u>	<u>1,252</u>

Corporation tax has been provided at a rate of 20% (31 March 2020: 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:

	31.03.21	31.03.20
	£	£
Net expense before taxation	<u>(1,100,121)</u>	<u>(138,336)</u>
Corporation tax at 20%	(220,024)	(27,667)
Effects of:		
Revenue not subject to taxation	(110,178)	(303,088)
Capital management fees rebates	1	2,628
Excess expenses for which no relief taken	330,201	328,127
Irrecoverable income tax	37	1,252
Current tax charge for the year (see note 5(a))	<u>37</u>	<u>1,252</u>

(c) Provision for deferred tax

At 31 March 2021, the Fund had surplus management expenses of £19,936,463 (31 March 2020: £18,285,455). The deferred tax in respect of this would be £3,987,293 (31 March 2020: £3,657,091). 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)For the year ended 31 March 2021

6. Distributions

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

	31.03.21	31.03.20
	£	£
Final - Accumulation (31 March)	-	57,808
	-	57,808
Add: Revenue deducted on cancellation of units	958	8,465
Deduct: Revenue received on issue of units	(752)	(10,978)
Net distribution for the year	206	55,295
Interest	52	4,217
Total finance costs	258	59,512
Reconciliation to net distribution for the year		
Net expense after taxation for the year	(1,100,158)	(139,588)
Revenue currency (losses)/gains	(1,875)	3,614
Losses transferred to capital	1,102,239	191,269
Net distribution for the year	206	55,295

Details of the distributions per unit are set out in the distribution table on page 38.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the year ended 31 March 2021

7. Debtors

	31.03.21	31.03.20
	£	£
Amounts receivable for issue of units	1,248,055	160,417
Accrued revenue	-	47
Prepayments	-	6
Management fee rebates recoverable	-	4,622
Total debtors	1,248,055	165,092

8. Cash and bank balances

	31.03.21	31.03.20
	£	£
Cash and bank balances	6,532,729	20,077,876
Total cash and bank balances	6,532,729	20,077,876

9. Creditors

	31.03.21	31.03.20
	£	£
Amounts payable for cancellation of units	555,068	242,176
Accrued manager fees	145,329	113,885
Accrued registration fees	8,789	4,062
Accrued administration fees	1,716	731
Accrued trustee fees	6,541	5,397
Accrued custody fees	1,702	1,804
Accrued audit fees	7,662	9,756
Accrued tax fees	5,148	2,352
Accrued FCA fees	19	-
Total creditors	731,974	380,163

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

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 2021, there was one unitholder that held units amounting to over 25% of the Fund's total net asset value:

- Schroder & Co Nominees Limited (42.6%)

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)For the year ended 31 March 2021

11. Unit classes

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

	A Accumulation
Opening units at the start of the year	112,642,872.359
Total creation of units in the year	24,521,961.840
Total cancellation of units in the year	(18,596,769.335)
Closing units at the end of the year	118,568,064.864

	X Accumulation
Opening units at the start of the year	2,290,887.236
Total creation of units in the year	1,556,729.159
Total cancellation of units in the year	(165,660.088)
Closing units at the end of the year	3,681,956.307

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

A Accumulation	0.60% 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 19. The distributions per unit class are given in the distribution table on page 38. 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)For the year ended 31 March 2021

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 2021			Net foreign currency assets at 31 March 2020		
	Monetary exposures	Non- monetary exposures	Total	Monetary exposures	Non- monetary exposures	Total
	£'000	£'000	£'000	£'000	£'000	£'000
US Dollar	4,216	54,091	58,307	6,926	15,652	22,578

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 £3,676,208 (31 March 2020: £1,422,879). 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 £4,493,143 (31 March 2020: £1,739,075). These calculations assume all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the year ended 31 March 2021

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:

	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
31.03.21						
Sterling	2,317	-	208,416	-	(732)	210,001
US Dollar	4,216	-	54,091	-	-	58,307
31.03.20						
Sterling	13,152	-	147,351	-	(380)	160,123
US Dollar	6,926	-	15,652	-	-	22,578

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)

For the year ended 31 March 2021

12. Risk management polices (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 £26,125,916 (31 March 2020: £16,283,752). This calculation assumes all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the year ended 31 March 2021

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

Valuation technique	INVESTMENT ASSETS	
	31 March 2021	31 March 2020
	£	£
Level 1: Quoted Prices	56,160,399	14,089,786
Level 2: Observable Market Data	205,098,765	148,747,738
Level 3: Unobservable Data	-	-
	<u>261,259,164</u>	<u>162,837,524</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 2020: £nil)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the year ended 31 March 2021

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:

	31.03.21		31.03.20	
	£		£	
Analysis of total purchase costs				
PURCHASES				
Collective Investment Schemes	68,077,072		8,618,000	
Exchange Traded Funds	33,656,935		8,624,546	
Investment Trusts	5,341,430		2,269,867	
Net purchases before direct transaction costs	107,075,437		19,512,413	
		% of total		% of total
		purchases		purchases
DIRECT TRANSACTION COSTS				
Collective Investment Schemes	-	0.00%	-	0.00%
Exchange Traded Funds	16,828	0.02%	4,312	0.02%
Investment Trusts	-	0.00%	-	0.00%
Total direct transaction costs	16,828	0.02%	4,312	0.02%
Gross purchases total	107,092,265		19,516,725	
Analysis of total sale costs				
SALES				
Collective Investment Schemes	86,049,717		40,715,338	
Exchange Traded Funds	16,340,176		-	
Gross sales before direct transaction costs	102,389,893		40,715,338	
		% of total		% of total
		sales		sales
DIRECT TRANSACTION COSTS				
Collective Investment Schemes	-	0.00%	-	0.00%
Exchange Traded Funds	(8,170)	0.01%	-	0.00%
Total direct transaction costs	(8,170)	0.01%	-	0.00%
Net sales total	102,381,723		40,715,338	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)For the year ended 31 March 2021

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

	31.03.21		31.03.20	
	% of average		% of average	
	£	NAV	£	NAV
Analysis of total direct transaction costs				
Exchange Traded Funds	24,998	0.01%	4,312	0.00%
Total direct transaction costs	24,998	0.01%	4,312	0.00%

(b) Average portfolio dealing spread

The average portfolio dealing spread of the investments at the balance sheet date was 0.06% (31 March 2020: 0.11%). 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 2020: £nil).

15. Going concern

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

16. Post balance sheet events

Since the Balance Sheet date, the valuation of the quoted investments held has increased from £261,259,164 to £273,138,615 (30 June 2021).

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

A Accumulation Units – Increased from 219.47 pence per unit to 236.40 pence per unit (30 June 2021).

X Accumulation Units – Increased from 219.53 pence per unit to 236.46 pence per unit (30 June 2021).

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

DISTRIBUTION TABLEFor the year ended 31 March 2021

Final Distribution (31 March 2021)

Group 1 - Units purchased on or prior to 31 March 2020

Group 2 - Units purchased after 31 March 2020

Units	Revenue	Equalisation ¹	Paid/Accumulated	Paid/Accumulated
	(pence)	(pence)	31.05.21 (pence)	31.05.20 (pence)
A Accumulation				
Group 1	-	-	-	0.0497
Group 2	-	-	-	0.0497
X Accumulation				
Group 1	-	-	-	0.0763
Group 2	-	-	-	0.0763

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

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Dealing line: 0115 988 8213
Website: www.tbaileyfs.co.uk

Authorised and regulated by the Financial Conduct Authority.

Directors of the Authorised Fund Manager

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Mr G M J Padbury
Mrs R E Elliott
Mrs A Troup (Non-executive)
Mr A Kerneis (Non-executive)

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