T. Baailey Funds Quarterly Report

April 2025

Key Market Insights

- US trade policy fuels volatility: President Trump's unpredictable tariff policies unsettled global markets, contributing to heightened volatility and early fears of stagflation.
- Shift in global equity leadership: European markets notably outperformed US equities, benefiting from substantial fiscal stimulus initiatives, particularly Germany's €500 billion infrastructure spending plan.
- Commodities surge on dual themes: Gold reached record highs as a safe-haven asset amid inflation and geopolitical uncertainties, while copper prices surged over 20%, driven by infrastructure optimism and supply - demand trends.
- AI advances reshape tech investment: New cost-effective AI models, such as China's DeepSeek, garnered attention and prompted a re-evaluation of high valuations for US technology stocks.

Review of the Markets

Q1 2025 was defined by significant geopolitical and policy-induced volatility, primarily driven by US trade policies under President Trump. His approach of intermittently announcing tariffs, particularly targeting China and North American trading partners, undermined investor confidence, triggered sharp market swings, and contributed to a noticeable slowdown in US economic activity. By quarter-end, US GDP growth estimates had moved sharply negative, reflecting weakening consumer spending and disrupted trade flows.

In sharp contrast, European equities delivered robust returns, buoyed by substantial fiscal stimulus initiatives. Germany's launch of a €500 billion infrastructure and defence spending program boosted regional confidence, leading to strong performance in cyclically sensitive sectors and highlighting a notable shift away from the longstanding dominance of US equity markets.

The T. Bailey funds of funds benefitted from greater global diversification than mainstream global indices and their peer groups. The T. Bailey Multi-Asset funds delivered positive returns in the range of 2% to 3% over the quarter. The T. Bailey Global Thematic Equity Fund fell by 0.7%, proving more resilient than the 6% fall for global equity indices.

Global bond markets were torn between stubbornly persistent inflation pressures and weakening growth signals. Central banks, including the US Federal Reserve and Bank of England, maintained steady interest rates amid rising uncertainty with just a single 25bps cut by the Bank of England in February. The US yield curve has remained inverted, signalling investor concerns about future growth.

Commodities provided meaningful diversification amid market turbulence. The gold price continued to achieve new highs through the quarter, supported by central bank diversification away from the US dollar, investor demand for inflation hedging and geopolitical risk management. Meanwhile, copper benefited from the front-running of potential US tariffs, global infrastructure optimism and long-term secular trends toward electrification.

In equity portfolios, a significant rotation occurred away from expensive US technology stocks towards European and value-oriented segments. Reflecting this shift, we increased exposure to European equities in the T. Bailey funds of funds portfolios and selectively trimmed exposure to richly valued US technology stocks. Additionally, in the T. Bailey Multi-Asset funds, we introduced the TM Fulcrum Diversified Core Absolute Return Fund to bolster protection against volatility.

Overall, we continue to maintain a prudent balance across the T. Bailey portfolios between capturing opportunities in undervalued markets and managing risks from inflation, geopolitical tensions, and elevated valuations, positioning them effectively for ongoing market uncertainties.

Portfolios and Performance

T. Bailey Multi-Asset Dynamic Fund

The benefits of diversifying across one's asset base shone through this quarter with lacklustre equity performance compensated by the fund's diversifiers. TBMAD maintained its performance momentum, with standout contributions from commodities and real assets. Copper led the way, appreciating by 20.2%, while gold followed with a gain of 16.0%. Gold's performance reflects ongoing concerns over persistent inflation, which have been further exacerbated by tariffs. Given copper's exceptional rally and with analyst price targets approaching, we took the opportunity to trim our exposure.

Our long-held view that the UK's investment trust sector is undervalued was validated, notably through Care REIT. The trust was acquired by the similarly named CareTrust REIT, a US-based real estate investment trust specialising in senior housing and healthcare properties. This acquisition led to a c.32% increase in Care REIT's share price from its pre-announcement close. Additionally, Urban Logistics REIT saw its discount to NAV narrow following intervention by activist investor Achilles, who raised concerns over the trust's management. As a result, the board is now reviewing governance practices and considering internalising management.

Elsewhere, our debt allocation delivered a positive contribution, while absolute return funds underperformed, particularly the Tellworth UK Dynamic Absolute Return Fund. New additions to the portfolio include the L&G Europe Ex UK Equity UCITS ETF and the Regnan Sustainable Water and Waste Fund, the latter replacing our holding in the Schroder Global Sustainable Food and Water Fund. The Regnan fund exhibits a natural defensive bias due to its utility sector exposure, which has helped it navigate the challenging macroeconomic environment for equity funds.

Performance Chart

Source: LSEG Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested.

T. Bailey Multi-Asset Dynamic Fund (continued)

Best and Worst Performing Holdings

Top 3 Performing Holdings	3 Months
Care REIT	36.09%
Urban Logistics REIT	26.95%
WisdomTree Copper ETC	20.20%

Bottom 3 Performing Holdings	3 Months
Chrysalis Investments	-14.91%
Polar Capital Artificial Intelligence	-12.16%
Polar Capital Healthcare Opportunities	-6.23%

We have excluded those fund holdings that represent a small position size (less than 1%) from this summary.

Portfolio Highlights

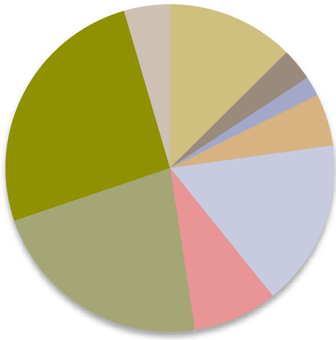
Holding	Commentary
Care REIT	Care REIT has recently been acquired by US based CareTrust REIT in a £448 million deal. The purchase price reflects a 32% premium over Care REIT's previous closing price, highlighting the strong demand for high quality care facilities in the UK. This trend is driven by an ageing population and the evolving needs of the healthcare sector.
WisdomTree Copper ETC	This ETC aims to track the Bloomberg Copper Subindex with minimal tracking error via copper futures contracts. Unlike equities, copper has seen significant gains due to the impending tariffs under Trump's trade policy as buyers rush to secure supply before they take effect. In addition to this short-term surge, long-term supply and demand dynamics remain a key driver, fuelled by the global energy transition and ongoing upgrades to grid infrastructure.
L&G Europe Ex UK Equity ETF	This ETF was bought to leverage off the surge in European defence spending, catalysed by significant policy shifts. The deadlock in US-Ukraine aid discussions, combined with US pressure on NATO members to boost their military budgets intensified focus on defence investment. This ETF offers broad exposure to European markets, allowing investors to access the entire defence value chain and its economic impact.

T. Bailey Multi-Asset Dynamic Fund (continued)

Top 10 Holdings and Asset Allocation

Top 10 Holdings	%
Man GLG Absolute Value	8.2
UK Treasury Bond	7.9
iShares $ Treasury Bond	7.8
Man GLG UK High Yield Opportunities	7.3
Schroder Tellworth UK Dynamic Absolute Return	4.8
iShares Physical Gold	4.8
Polar Capital Insurance	4.2
Ranmore Global Equity	4.0
Polar Capital UK Value Opportunities	4.0
TM Fulcrum Diversified Absolute Return	4.0
Sub Total	57.1
Other 15 holdings	38.3
Cash**/Net Fund Income	4.5
TOTAL	100.0

ASSET ALLOCATION



As at 31 March 2025

UK Equities*	12.5%
US Equities*	3.2%
Europe*	1.9%
Japan*	5.1%
Global Thematic	16.5%
Commodities	8.3%
Diversifiers	22.2%
Debt	25.7%
Cash** / Net Fund Income	4.5%

* excludes regional allocation in Global Thematics.
**includes net exposure of forward exchange contracts.

Performance Table

CUMULATIVE PERFORMANCE AFTER ALL ONGOING CHARGES TO LAST VALUATION POINT IN MARCH 2025

	3 Months	1 Year	2 Years	3 Years	5 Years
WS T. Bailey Multi-Asset Dynamic A Acc.	2.92%	6.65%	10.58%	0.84%	42.50%
CPI plus 3% per annum	0.83%	5.04%	11.67%	26.56%	44.70%

QUARTER-END DISCRETE PERFORMANCE: 12 MONTHS ENDED LAST VALUATION POINT IN MARCH

	2021	2022	2023	2024	2025
WS T. Bailey Multi-Asset Dynamic A Acc.	32.71%	6.48%	-8.81%	3.68%	6.65%
CPI plus 3% per annum	3.73%	10.22%	13.33%	6.32%	5.04%

Source: FE Analytics/LSEG Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested.

Portfolios and Performance

T. Bailey Multi-Asset Growth Fund

The beginning of 2025 brought a multitude of macroeconomic factors which TBMAG successfully navigated by leveraging different parts of its asset base. A recent addition to our diversifiers was the Fulcrum Diversified Core Absolute Return Fund. This multi-manager strategy allocates capital across several investment professionals, each responsible for their own investment thesis and managing a dedicated portion of assets. Unlike our other holdings, this fund employs complex derivative instruments to capture positive basis movements across currencies, commodities, and equities. The result is a low-volatility fund with the flexibility to operate across asset and instrument classes, enabling it to generate robust returns in an uncertain market.

The fund continued its positive momentum from the previous quarter, with performance driven by commodities, real assets, and select equity exposures. However, UK allocations underperformed, notably due to a pullback in Chrysalis Investments following its strong finish to 2024. Commodities once again demonstrated their value as diversifiers, with both copper and gold making significant contributions. This was further supported by substantial gains in our real assets segment, particularly Care REIT, which was acquired by US-based CareTrust REIT.

TBMAG allocated funds to the L&G Europe Ex UK Equity UCITS ETF and the Regnan Sustainable Water and Waste Fund. European exposure was increased following political commitments to higher defence spending, while Regnan was introduced as a replacement for the Schroder Global Sustainable Food and Water Fund.

Performance Chart

Source: LSGE Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested.

T. Bailey Multi-Asset Growth Fund (continued)

Best and Worst Performing Holdings

Top 3 Performing Holdings	3 Months
Care REIT	36.09%
Urban Logistics REIT	26.95%
WisdomTree Copper ETC	20.20%

Bottom 3 Performing Holdings	3 Months
Chrysalis Investments	-14.91%
Polar Capital Artificial Intelligence	-12.16%
First Trust Nasdeq Cybersecurity ETF	-8.62%

We have excluded those fund holdings that represent a small position size (less than 1%) from this summary.

Portfolio Highlights

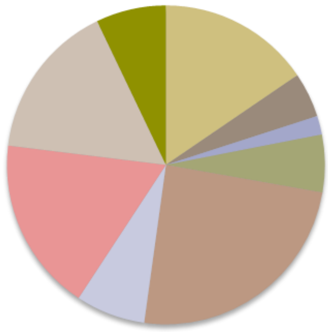
Holding	Commentary
Urban Logistics REIT	Urban Logistics REIT performed well this quarter, driven by strong asset management, strategic acquisitions, and solid financial results. It secured new lettings with significant rental uplifts, reducing vacancy rates, and enhancing rental income. Its proactive approach in acquiring high yield properties and selling assets at attractive returns boosted performance. The presence of activist investor Achilles added an element of scrutiny, pushing for strategic changes, focussing on improving governance and internalising management.
iShares Physical Gold ETC	Gold performed well in Q1 due to increased investor demand. Heightened global trade tensions, particularly around potential US tariffs, increased economic uncertainty, prompting investors to seek the safety of gold. Concerns about inflation and the potential impact on monetary policy further boosted demand for gold. With market volatility and geopolitical risks continuing, gold's status as a safe-haven asset remains strong.
L&G Europe Ex UK Equity UCITS ETF	This ETF was bought to leverage off the surge in European defence spending, due to significant policy shifts. The deadlock in US-Ukraine aid discussion and pressure on NATO members to boost their military budgets intensified focus on defence investment. This ETF offers broad exposure to European markets, allowing investors to access the entire defence value chain and its economic impact.

T. Bailey Multi-Asset Growth Fund (continued)

Top 10 Holdings and Asset Allocation

Top 10 Holdings	%
Man High Yield Opportunities	6.6
Man Absolute Value Professional	6.3
Ranmore Global Equity	5.9
UK Treasury Bond	4.7
iShares USD Treasury	4.6
iShares Physical Gold	4.6
iShares S&P 500	4.5
Polar Capital UK Value Opportunities	4.3
Polar Capital Insurance	3.9
TM Fulcrum Diversified Absolute Return	3.8
Sub Total	49.3
Other 15 holdings	43.6
Cash**/Net Fund Income	7.1
TOTAL	100.0

ASSET ALLOCATION



As at 31 March 2025

UK Equities*	15.5%
US Equities*	4.5%
Europe (ex. UK Equities)*	1.9%
Japan*	5.8%
Global Thematic	24.4%
Commodities	7.1%
Diversifiers	17.7%
Debt	15.9%
Cash** / Net Fund Income	7.1%

* excludes regional allocation in Global Thematics.
**includes net exposure of forward exchange contracts.

Performance Table

CUMULATIVE PERFORMANCE AFTER ALL ONGOING CHARGES TO LAST VALUATION POINT IN MARCH 2025

	3 Months	1 Year	2 Years	3 Years	Since Launch
WS T. Bailey Multi-Asset Growth F Acc	2.22%	5.87%	10.93%	2.57%	5.79%
CPI plus 4% per annum	0.99%	5.97%	13.76%	30.16%	32.01%

QUARTER-END DISCRETE PERFORMANCE: 12 MONTHS ENDED LAST VALUATION POINT IN MARCH

	2023	2024	2025
WS T. Bailey Multi-Asset Growth F Acc	-7.53%	4.77%	5.87%
CPI plus 4% per annum	14.42%	7.35%	5.97%

Source: FE Analytics/LSEG Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested.

Portfolios and Performance

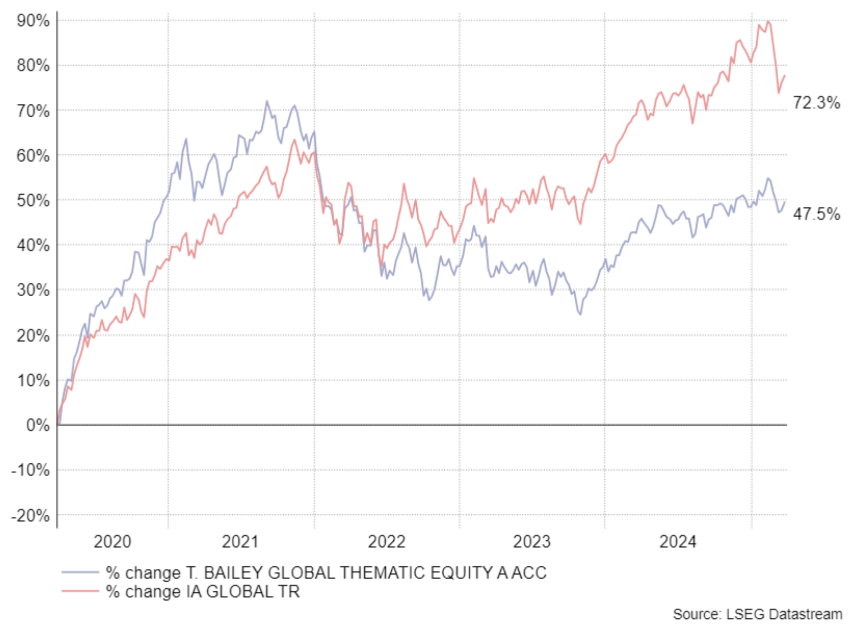
T. Bailey Global Thematic Equity Fund

As we enter 2025, the fund has remained robust despite a challenging macroeconomic landscape shaped by disruptive factors such as President Trump's tariffs and the emergence of groundbreaking AI models like those developed by DeepSeek. Performance of our chosen global thematic equities funds were a mixed bag with our global value strategies, such as Ranmore and Havelock, driving performance. Alongside its exemplary investment process, Ranmore has benefited from the broadening of global markets away from the US and in particular the Magnificent 7 stocks. Meanwhile, Polar Capital Insurance continues to demonstrate its uncorrelated and low-volatility characteristics, which have been especially valuable given inflationary pressures and concerns surrounding the economic impact of US trade policies.

TBGTE's UK equity holdings faced challenges this quarter, with stocks such as Chrysalis Investments and IP Group surrendering some of their substantial gains from late 2024. Other UK equity funds struggled under the weight of government policy uncertainty, domestic economic softness, and global trade tensions, all of which have driven up costs and weakened export demand for UK businesses. The exception was Royal London Sustainable Leaders, which delivered positive performance on the back of strong stock-specific developments. Elsewhere, JK Japan delivered impressive returns, reflecting the management team's expertise in navigating complex macroeconomic conditions.

A significant change to the portfolio was the addition of a European fund at the start of March. The L&G Europe Ex UK Equity UCITS ETF was introduced in response to key European policy announcements that have led to increased defence spending. The breakdown of US-Ukraine aid discussions, alongside the long-standing push by the US for NATO members to increase their defence budgets, acted as catalysts. This ETF provides broad European exposure and enables participation in the secondary effects of rising defence expenditure.

Performance Chart



Source: LSEG Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested.

T. Bailey Global Thematic Equity Fund (continued)

Best and Worst Performing Holdings

Top 3 Performing Holdings	3 Months
WisdomTree Copper ETC	20.20%
iShares Physical Gold ETC	15.99%
Ranmore Global Equity	8.67%

Bottom 3 Performing Holdings	3 Months
Chrysalis Investments	-14.91%
Polar Capital Artificial Intelligence	-12.16%
First Trust Nasdeq Cybersecurity ETF	-8.62%

We have excluded those fund holdings that represent a small position size (less than 1%) from this summary.

Portfolio Highlights

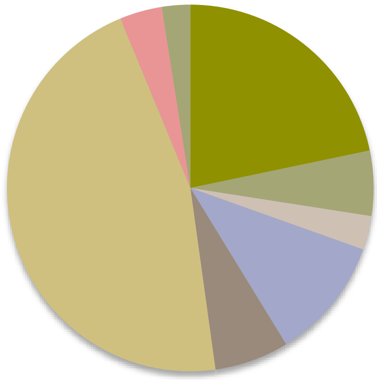
Holding	Commentary
Ranmore Global Equity	The Ranmore Global Equity Fund has been well-positioned to capitalise on the ongoing shift away from growth stocks. Under the expert management of Sean Peche, the fund focuses on identifying undervalued opportunities while avoiding value traps. With an average PE ratio of around 7.7x, it remains significantly undervalued compared to the MSCI World Index, which sits at approximately 19.1x. This stark difference has driven exceptional relative performance, especially as AI hyperscalers have unwound, following the introduction of more efficient AI models.
L&G Europe Ex UK Equity UCITS ETF	This ETF was bought to leverage off the surge in European defence spending, due to significant policy shifts. The deadlock in US-Ukraine aid discussion and pressure on NATO members to boost their military budgets intensified focus on defence investment. This ETF offers broad exposure to European markets, allowing investors to access the entire defence value chain and its economic impact.
WisdomTree Copper ETC	This fully collateralised ETC aims to track the Bloomberg Copper Subindex with minimal tracking error via copper futures contracts. Unlike equities, copper has seen significant gains due to the impending tariffs under Trump's trade policy. The potential 25% tariff on copper imports has driven US copper futures to record highs, as buyers rush to secure supply before the tariffs take effect. In addition to this short-term surge, long-term supply and demand dynamics remain a key driver, fuelled by the global energy transition and ongoing upgrades to grid infrastructure.

T. Bailey Global Thematic Equity Fund (continued)

Top 10 Holdings and Asset Allocation

Top 10 Holdings	%
Ranmore Global Equity	8.3
Polar Capital Global Insurance	8.1
WS Havelock Global Select	7.4
Polar Capital UK Value Opportunities	7.3
Baillie Gifford Pacific	6.6
Polar Capital UK Value Opportunities	6.4
Polar Capital Artificial Intelligence	5.9
JK Japan	5.9
iShares S&P 500	5.7
Regnan Sustainable Water & Waste	5.7
Sub Total	67.3
Other 8 holdings	30.2
Cash / Net Fund Income	2.5
TOTAL	100.0

ASSET ALLOCATION



As at 31 March 2025

UK Equities*	21.7%
US Equities*	5.7%
Europe (ex. UK Equities)*	3.0%
Japan*	10.8%
Pacific Basin (ex. Japan)*	6.6%
Global Thematic	46.0%
Commodities	3.7%
Cash / Net Fund Income	2.5%

* excludes regional allocation in Global Thematics.

Performance Table

CUMULATIVE PERFORMANCE AFTER ALL ONGOING CHARGES TO LAST VALUATION POINT IN MARCH 2025

	3 Months	1 Year	2 Years	3 Years	5 Years
WS T. Bailey Global Thematic Equity A Acc.	-0.70%	1.50%	9.66%	-2.05%	47.51%
IA Global Sector Mean	-4.57%	-0.31%	15.99%	12.77%	72.33%

QUARTER-END DISCRETE PERFORMANCE: 12 MONTHS ENDED LAST VALUATION POINT IN MARCH

	2021	2022	2023	2024	2025
WS T. Bailey Global Thematic Equity A Acc.	52.24%	-1.08%	-10.68%	8.04%	1.50%
IA Global Sector Mean	40.56%	8.68%	-2.78%	16.35%	-0.31%

Source: FE Analytics, LSEG Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested.

Portfolios and Performance

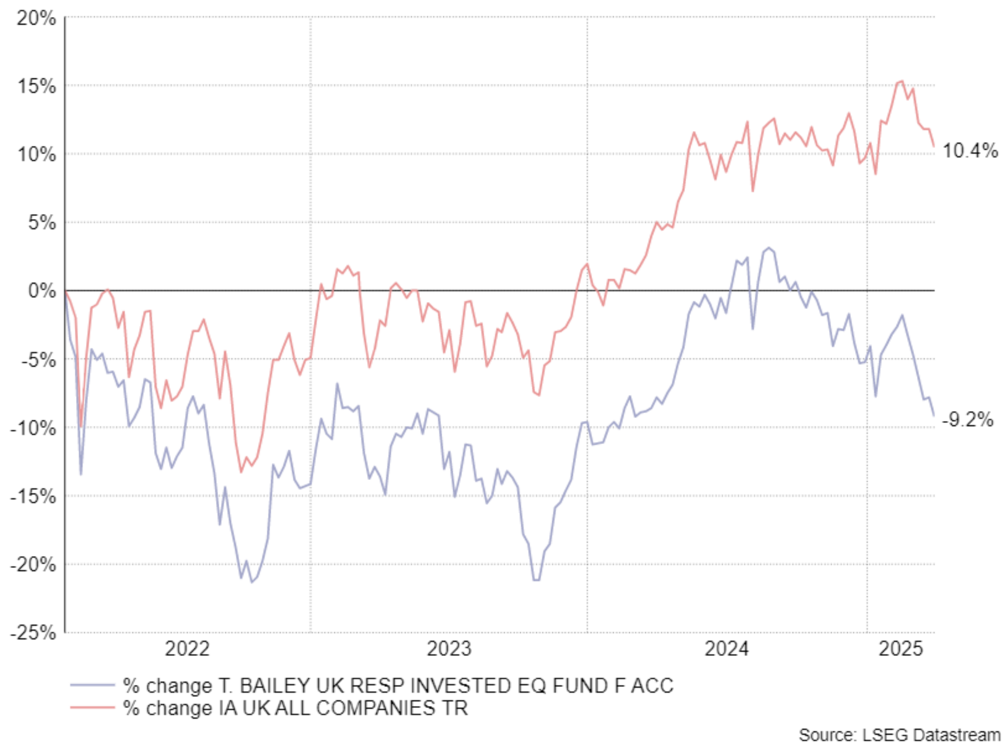
T. Bailey UK Responsibly Invested Equity Fund

The fund had a challenging start to the year down 4.89%, trailing the wider UK market which was broadly flat. Whilst headwinds for UK plc have remained with dampened business confidence amidst a rising cost environment and ongoing geopolitical uncertainty affecting consumer confidence, there has been a significant shift in global equity markets which has benefited, in particular, the largest stocks in UK indices.

The fund's construction leads to a natural bias to mid-cap names, where share price volatility has been prevalent. Consequently, the macro benefits lifting large-cap names weren't reflected across the portfolio. Companies reporting in line or exceeding expectations were still punished for acknowledging the risk of uncertainty, as was the case for positions in Clarkson and 4Imprint.

During the quarter we realised gains from the sale of AJ Bell and exited Ricardo where our outlook had changed given their reliance on government contracts and changing political focus. We used the proceeds to fully allocate to recently initiated positions and topping up Morgan Advanced Materials whom we believe will be a beneficiary of the increase in European defence and industrial spending.

Performance Chart



Source: LSEG Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested.

T. Bailey UK Responsibly Invested Equity Fund (continued)

Best and Worst Performing Holdings

Top 3 Performing Holdings	3 Months
Origin Enterprises	21.15%
Beazley	16.81%
Computacenter	15.07%

Bottom 3 Performing Holdings	3 Months
Morgan Advanced Materials	-25.18%
4Imprint Group	-23.79%
Oxford Instruments	-20.19%

Portfolio Highlights

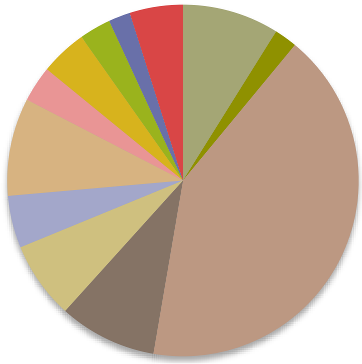
Holding	Commentary
Computacenter	IT services provider, Computacenter, was a key contributor to performance this quarter. Having reported significantly increased order backlogs with strong overseas and domestic growth, the company stands to benefit from an increase in AI spend from its large enterprise client base.
Morgan Advanced Materials	Having announced reductions to their semiconductor investment and deferring projected revenue and profit target to 2027, MAM was the largest detractor from performance this quarter. Nonetheless, we agree with management's confidence in the sector's longer term potential given recent European spending commitments.
4Imprint Group	Despite being the strongest performer in January following a strong set of results, the marketing promotional product specialist sold off having noted that the uncertain market conditions presented a challenge in the near term.

T. Bailey UK Responsibly Invested Equity Fund (continued)

Top 10 Holdings and Asset Allocation

Top 10 Holdings	%
Astrazeneca	5.3
Beazley	4.8
Intertek Group	4.6
Tesco	4.3
Rotork	3.9
XPS Pensions	3.9
IMI	3.7
Spectris	3.6
Hikma	3.6
Halma	3.6
Sub Total	41.4
Other 21 holdings	53.7
Cash	4.9
TOTAL	100.0

ASSET ALLOCATION



As at 31 March 2025

Technology	8.9%
Retail	2.1%
Industrial Goods and Services	41.7%
Health Care	9.0%
Financial Services	7.1%
Insurance	4.8%
Construction and Materials	9.0%
Food, Beverage and Tobacco	3.3%
Personal Care, Drug and Grocery	4.3%
Basic Resources	2.9%
Media	2.0%
Cash	4.9%

Performance Table

CUMULATIVE PERFORMANCE AFTER ALL ONGOING CHARGES TO LAST VALUATION POINT IN MARCH 2025

	3 Months	1 Year	2 Years	3 Years	Since Launch
WS T. Bailey UK Responsibly Invested Equity Fund F Acc	-4.89%	-1.44%	4.52%	-4.90%	-9.18%
IA UK All Companies Sector	0.19%	5.22%	13.22%	10.88%	10.45%

QUARTER-END DISCRETE PERFORMANCE: 12 MONTHS ENDED LAST VALUATION POINT IN MARCH

	2023	2024	2025
WS T. Bailey UK Responsibly Invested Equity Fund F Acc	-9.02%	6.05%	-1.44%
IA UK All Companies Sector	-2.07%	7.06%	5.21%

Source: FE Analytics/LSEG Workspace. Past performance is not a reliable indicator of future results. The value of your investment and the income derived from it can go down as well as up and you may not get back the money you invested.

Asset Class Views

Asset Class	Manager views
UK Equities	We maintain exposure to domestic equities. The risk/reward is attractive given the UK's low valuation relative to other developed markets.
North American Equities	In the near term, we are seeing increased volatility and heightened uncertainty due to the tariff policies of the new US administration. In the longer term, we see continuing AI buildout and adoption creating opportunities across sectors. We believe it is prudent to be selective, moving toward beneficiaries outside the tech sector. Through thematic funds we are invested in sectors like Insurance and Healthcare that exhibit both broad-based earnings growth and provide quality given their market share and pricing power.
European Equities	The risk/reward for European equities is interesting, given both the valuation on an absolute and relative basis and the catalyst that governments are looking to increase their investment spending on infrastructure and defence.
Japan Equities	We envisage a brighter outlook for Japan's economy and corporate reforms to drive improved earnings and shareholder returns. Note though the drag on earnings from a stronger yen and some mixed policy signals from the Bank of Japan are risks.
Asia Pacific ex-Japan Equities	We are constructive on Asia Pacific ex-Japan, due to the attractive valuations, albeit there remains uncertainty with regards to tariffs and how that might affect China and other countries in the region.
Global Thematic Equities	We remain constructive on the AI theme, holding the Polar Capital Artificial Intelligence Fund, but see the benefits expanding into other sectors like Healthcare, Insurance, and Industrials. As earnings broaden out factors that have lagged in recent quarters, such as value equities, have potential to make up ground.
Commodities	We have exposure to both Gold and Copper, where we are constructive on both the supply and demand dynamics of both metals. In contrast, longer term we are less constructive on Oil, given the supply overhang from Saudi Arabia that will enter the market; and the risk that OPEC members are not disciplined with regards to their allocated supply of production.
Diversifiers	Absolute return funds provide useful idiosyncratic risk-reward opportunities that place less reliance on market direction to generate positive returns. They are also well placed to take advantage of market mispricing in periods of volatility.
Debt	Within the US Treasury market, we see the scope for longer-dated yields to back up modestly to c.4% if the amount of Federal Reserve interest rate cuts priced in fades, but given the Federal Reserve cutting cycle has only recently begun, any rise in yields is likely to be limited.

Outlook for the next Quarter

Over the course of the quarter we have witnessed an unwinding of the "Trump trades" (e.g. USD, US equities, Tesla and Bitcoin). This may be due to investors having second thoughts about the US Exceptionalism market narrative. It also demonstrates that non-US assets can still outperform when expectations and valuations are sufficiently depressed.

During this year the global political regime has shifted as the traditional partners and allies of the US have realised that they will now not be able to rely on the US, as they have done for decades. President Trump's unpredictability in reshaping domestic and global affairs are making market volatility great again.

It will be interesting to see if this push by the US to reduce trade deficits and escalating trade tariffs will ironically put pressure on the US equity market, especially as it is currently c.70% of the world equity market. US companies need to operate in a world of global cooperation where they currently dominate global profits, especially relative to the US economy's share of global GDP. Thus, there is also the risk that falling business and consumer confidence in the US will potentially have a ripple effect across the economy, negatively affecting both earnings and guidance for domestically focussed US companies.

As a result of this, we believe that having a well-diversified portfolio is ever more important today. Due to this new regime in financial markets, we believe that active strategies and active managers play a bigger role in our funds as a means to deliver alpha and diversification.

Our funds' performance in Q1 highlighted the need for diversification, given the broad source of returns that we saw, from our exposure to commodities, thematic funds and investment trusts. For example, within our thematic funds, Ranmore Global Equity, Havelock Global Select and Polar Capital Insurance funds all generated positive and or flat returns during this period.

Going forward, we are of the view that it remains prudent maintaining that diversification. Hence our exposure to both commodities (Gold & Copper), and our exposure to absolute return strategies, which includes our recent position in the Fulcrum Diversified Absolute Return fund. The Fulcrum fund is a diversified macro fund which targets a return of cash plus 3-5% per annum. The fund has a very low correlation to both equity and bond markets. The T. Bailey funds are also well diversified in the themes that we are exposed to, which include companies that are beneficiaries of AI, the structural growth in global cybersecurity, companies that are exposed to medical innovation, and active managers that have a real focus on valuation.

In response to US tariffs

In the days following the quarter end, financial markets experienced a historic collapse, triggered by a dramatic escalation in trade tensions between the United States and China. President Donald Trump announced sweeping new tariffs on imports from over 180 countries, including a staggering 34% additional tariff on Chinese goods.

These tariffs represent one of the largest tax hikes in US history, effectively imposing an estimated 1.5% hit to US GDP and a 1.5% inflation impulse. Such measures could severely disrupt global trade flows, exacerbate inflationary pressures, and push multiple economies into recession. JPMorgan raised its recession probability for the US and global economies to 60%, citing the ripple effects of reduced consumption and investment.

Further deterioration to risk assets now seems largely dependent on whether the tariff dispute deepens further or whether compromises with the Trump administration can be reached. Unlike other financial market downturns of recent years the US Federal Reserve will be reticent to step in unless financial stability becomes an issue. The inflationary impact of tariffs pushes back against the central bank lowering rates particularly given the instability in US tariff policy, which could look very different in the coming weeks.

In this volatile environment, diversification remains critical for portfolio construction. Defensive holdings have helped soften downside risks year to date for the T. Bailey funds of funds. Allocations to cash, debt, absolute return funds and gold represent 55% for the T. Bailey Multi-Asset Dynamic Fund and 45% for the T. Bailey Multi-Asset Growth Fund. In the T. Bailey Global Thematic Equity Fund, equity exposure is broadly diversified and biased to long-term growing themes whilst deliberately avoiding areas of excessive valuation.

This negative phase for financial markets will eventually pass. We anticipate that non-US regions - particularly Europe and Asia - may be in a stronger position to rebound once the dust settles, as investors seek growth opportunities outside the US (where valuations remain elevated). In fact, equity valuations in many European and Asian markets are now more attractive, and we expect policymakers there to take supportive actions to buffer their economies from US trade policies. We remain vigilant for opportunities to redeploy our defensive holdings into risk assets at more favourable levels, particularly in regions outside the US that could benefit from rotation when stability returns. However, given that Europe has yet to fully respond to the US tariff moves and the fluidity of the situation, we believe it is too early to make any definitive allocation shifts. In the meantime, the T. Bailey portfolios remain widely diversified and cautiously positioned. The fundamentals of diversification and long-term discipline will remain our guiding principles as we navigate the weeks ahead.

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T. Bailey Asset Management Ltd
Toll Bar House
Landmere Lane
Edwalton
Nottingham
NG12 4DG

t: 0115 666 0481

e: contact@tbaileyam.co.uk