



T.BAILEY

T. Bailey Dynamic Cautious Managed Fund

INTERIM SHORT REPORT

For the six month period ended
30 September 2013

T. BAILEY DYNAMIC CAUTIOUS MANAGED FUND

INVESTMENT OBJECTIVE & POLICY

The aim of the T. Bailey Dynamic Cautious Managed Fund is to outperform the Investment Management Association Mixed Investment 20%-60% Shares Sector average on a total return basis over the medium-to-long term.

The Fund invests in a range of asset classes, predominantly via underlying Regulated Collective Investment Schemes. In other words, it is a fund of funds.

ASSET ALLOCATION

The Fund may have both UK and non-UK investments and, in addition to units in collective investment schemes, may also invest in transferable securities (shares, including investment trusts, debentures, government and public securities, warrants or certificates representing certain securities), money market instruments, cash and near cash, deposits and gold as permitted by the Sourcebook in order to achieve its objective.

The Fund will not invest directly in immovables.

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

FUND SELECTION

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

FUND FACTS

Launch date:	2 May 2006
Ex-dividend dates:	1 July, 1 October, 1 January, 1 April
Dividend payment dates:	31 August, 30 November, 28/29 February, 31 May
Synthetic Risk and Reward Indicator Ranking¹:	4
Ongoing Charges Figures²:	
	Institutional units – 1.66% p.a.
	Retail units – 2.41% p.a.

¹ As calculated in accordance with the CESR guidelines. It is based on historical data and uses a scale of 1 to 7. The higher the rank the greater the potential reward but the greater the risk of losing money.

² To 30 September 2013. As calculated in accordance with the CESR guidelines. The Ongoing Charge Figure ('OCF') includes annual management charges ('AMCs') and other operating expenses (Trustee's fee, audit fee etc). As the Fund invests in other funds, the weighted average costs of the underlying funds have also been taken into account.

T. BAILEY DYNAMIC CAUTIOUS MANAGED FUND

The T. Bailey Dynamic Cautious Managed Fund invests in a mix of asset classes to provide a more cautious type of collective investment vehicle than investing in equities alone. The Fund seeks to offer investors some protection from the volatility of equity markets by the inclusion of other types of asset in its portfolio. However, we also recognise that the returns from equities are the most likely to drive the heart of longer-term performance so a significant proportion of the funds' assets are normally held in equities.

Performance	Cumulative returns for the periods ended 30 September 2013 (%)				
	3 months	6 months	1 year	3 years	5 years
TBDYCMF - Institutional units ¹	4.37	1.24	12.20	18.92	36.93
TBDYCMF - Retail units ¹	4.19	0.84	11.40	16.21	31.79
IMA Mixed Investment 20%-60% Shares Sector Mean	2.40	0.54	8.57	16.67	34.80
CPI +3%	1.46	2.45	5.74	20.57	33.24
	Discrete returns for the 12 month periods ended 30 September (%)				
	2013	2012	2011	2010	2009
TBDYCMF - Institutional units ¹	12.20	11.87	(5.26)	8.87	5.76
TBDYCMF - Retail units ¹	11.40	10.93	(5.96)	8.06	4.95
IMA Mixed Investment 20%-60% Shares Sector Mean	8.57	9.20	(1.59)	7.41	7.56
CPI +3%	5.74	5.21	8.38	6.14	4.12

¹ Performance based on Income units.

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

Note: 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.

T. BAILEY DYNAMIC CAUTIOUS MANAGED FUND

Over the six-month period to 30 September 2013 the Fund returned 0.8% (Retail Income unit class), a little ahead of the 0.5% average returns of its IMA Mixed Investment 20%-60% Shares Sector peer group.

Developed equity markets fared reasonably and our choice of funds in those regions generally performed well. However, market indices in the faster growing economies of the Asia Pacific ex Japan and Emerging Market regions underperformed on talks of the US Federal Reserve Bank tapering its asset purchase program.

Furthermore, fixed income assets that have been at the heart of the mechanisms by which western central banks have supported their economies in recent years and which also stand on valuations towards the top of their historic range, struggled significantly, particularly in comparison to the "safe haven" categorisation many investors have given them.

Asset Class	Index/Sector	6 months ended 30 September 2013 (%)	12 months ended 30 September 2013 (%)
UK Equities	IMA UK All Companies	6.26	22.49
Global Equities	IMA Global	2.44	18.78
Emerging Equities	IMA Global Emerging Markets	(8.87)	1.39
Corporate Bonds	IMA Sterling Corporate Bond	(1.05)	2.88
Index Linked Gilts	IMA UK Index-Linked Gilts	(6.16)	5.00
Gilts	IMA Gilts	(3.87)	(4.08)
Property	IMA Property	(0.78)	7.87
Gold	S&P GSCI Gold Total Return	(22.22)	(25.85)

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

At the start of the period we updated the Strategic Asset Allocation of the fund. This represents our longer-term views for allocating across asset classes that we reassess to take into consideration changing economic, investment and geopolitical circumstances in order that we don't lose sight of such trends. In addition, as would be expected from the diverse range of returns available across asset classes, the Strategic Asset Allocation also has a very significant bearing on the risk and return profile of the fund.

In broad terms this latest review resulted in a greater allocation to investment strategies that are less susceptible to market volatility and correlated to the economic cycle. Notwithstanding our continued belief in the growing need for various types of commodities, particularly as the populations of the Emerging Market nations become more wealthy, we sought to replace having a rigid exposure to such assets which at times have introduced an unwelcome element of volatility to the portfolio.

Furthermore, with valuations in many fixed income markets at historic highs, the outlook for future returns from such assets is uninspiring. As a result greater allocation has been made to managers that have the objective of delivering absolute returns and have the tools at their disposal to do so.

T. BAILEY DYNAMIC CAUTIOUS MANAGED FUND

Of course, in revising the Strategic Asset Allocation of the fund we have kept in mind the historic level of volatility (the day-to-day variability in the fund's price) and consider a long-term lodestar guide for of CPI+3% p.a. a reasonable performance objective for the portfolio from the current starting point in asset prices.

Sector	Asset allocation as at 30 September 2013 (%)	Asset allocation as at 31 March 2013 (%)
UK Equities	16.1	13.8
Global Equities (ex UK)	25.6	29.7
Emerging Markets	9.8	9.5
Index Linked	6.1	-
Strategic/Global Fixed Income	13.0	19.0
Absolute Return Fixed Income	3.8	6.5
Property	3.3	8.6
Alternatives	17.4	6.4
Cash and Other	4.9	6.5
Total	100.0	100.0

Investment Team Changes

In June we appointed a new fund manager, Peter Askew, to the team. Peter has led global fixed income teams at T. Rowe Price, Flemings and JP Morgan. Over the past decade he has held senior roles at fund of hedge funds specialist Aida Capital and Standard Life Investments.

In 2008 he joined multi-family office Salisbury Partners LLP, where he was a member of the Investment Committee with responsibility for income, multi-asset and hedge fund strategies. In 2011 he launched his own consultancy advising asset management businesses, while continuing in his role with Salisbury Partners.

Working with the investment team over the summer in preparation, Peter has now been appointed co-manager of all three of our fund of funds alongside Elliot Farley.

T. BAILEY DYNAMIC CAUTIOUS MANAGED FUND

OUTLOOK

Financial markets anticipated much of the improvement we've seen in the growth of the developed world that has been confirmed by economic indicators during the last 6 months. Now that much of the developed world is synchronised in its growth path there are grounds for greater optimism that the world will break out of its recovery phase in the wake of the financial crisis.



Elliot Farley
Fund Manager

15 November 2013



Peter Askew
Fund Manager

15 November 2013

As a result, the rhetoric of central banks has moved on from the growth concerns that were prevalent a year ago and onto transitioning away from the economic stimuli measures that they put in place. This will not be easy and poses the real risk of a policy error being made that unsettles markets.

Where to turn to in order to protect against such risks is not immediately obvious given many "safe" asset classes appear expensive in comparison to their history. Our approach is to complement the equity exposure in the portfolio with a variety of funds and asset classes that by virtue of the quality of the managers involved and the valuations of the assets themselves suggest to us the potential rewards outweigh risks, particularly when set within a well diversified portfolio.

TOP TEN HOLDINGS

Top Ten Holdings as at 30 September 2013 (%)

Aberdeen Emerging Markets	5.6
Vanguard US Opportunities	5.4
Fidelity Strategic Bond	4.9
Standard Life Global Absolute Return	4.3
Prusik Asian Equity Markets	4.2
L&G Dynamic Bond	4.1
Wells Fargo All Cap Growth	4.1
Cazenove UK Opportunities	4.1
M&G Global Dividend	4.1
Baillie Gifford Japanese Smaller Companies	4.0

Top Ten Holdings as at 31 March 2013 (%)

Henderson Strategic Bond	6.7
Fidelity Strategic Bond	6.6
Aberdeen Emerging Markets	6.3
L&G Dynamic Bond	5.7
M&G Global Dividend	4.9
CF Lindell Train UK Equity	4.6
Vanguard US Opportunities	4.6
Prusik Asian Equity Income	4.4
Franklin UK Mid Cap	4.3
Standard Life Global Absolute Return	4.3

T. BAILEY DYNAMIC CAUTIOUS MANAGED FUND

PERFORMANCE

Unit Prices and Revenue

Calendar year	Institutional Income units			Retail Income units		
	Highest price	Lowest price	Net revenue distributed per unit	Highest price	Lowest price	Net revenue distributed per unit
	(pence)	(pence)	(pence)	(pence)	(pence)	(pence)
2008	50.14	35.82	1.2337	49.62	35.24	1.2192
2009	44.44	35.81	1.2231	43.33	35.14	1.1999
2010	47.54	42.34	1.3002	46.01	41.12	1.2646
2011	47.54	40.64	0.9956	45.99	39.10	0.9706
2012	46.88	42.69	1.0280	44.61	40.99	1.0141
2013 ¹	51.02	46.53	1.1977	48.38	44.27	1.1796

Calendar year	Institutional Accumulation units			Retail Accumulation units		
	Highest price	Lowest price	Net revenue accumulated per unit	Highest price	Lowest price	Net revenue accumulated per unit
	(pence)	(pence)	(pence)	(pence)	(pence)	(pence)
2008	51.58	37.57	1.2679	51.05	36.96	1.2560
2009	48.07	37.82	1.2933	46.88	37.11	1.2729
2010	52.94	46.72	1.4215	51.25	45.39	1.3843
2011	53.37	46.26	1.1444	51.47	44.52	1.0870
2012	54.61	48.84	1.2181	52.07	46.92	1.1765
2013 ¹	60.25	54.62	1.4067	57.28	52.07	1.3817

¹ Prices to 30 September and net revenue distributed/accumulated to 30 November.

Note: 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.

T. BAILEY DYNAMIC CAUTIOUS MANAGED FUND

Dividend Distributions/Accumulations for the six months Ended 30 September 2013 (pence per unit)

Unit Class	Quarter Ended	
	30 June 2013 (pence per unit)	30 September 2013 (pence per unit)
Institutional Income	0.2593	0.2921
Retail Income	0.2446	0.2761
Institutional Accumulation	0.3040	0.3468
Retail Accumulation	0.2899	0.3289

Note: 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.

T. BAILEY DYNAMIC CAUTIOUS MANAGED FUND

Net Asset Values

Institutional Income units				Retail Income units		
Date	Total units in issue	NAV per unit (pence)	NAV (£)	Total units in issue	NAV per unit (pence)	NAV (£)
31 Mar 2011	37,692,950	46.94	17,693,780	11,531,556	45.33	5,227,179
31 Mar 2012	37,503,923	45.25	16,972,263	8,042,212	43.37	3,487,761
31 Mar 2013	37,464,228	49.59	18,578,193	4,834,012	47.07	2,275,236
30 Sept 2013	37,588,075	49.43	18,578,832	3,867,906	46.74	1,807,704

Institutional Accumulation units				Retail Accumulation units		
Date	Total units in issue	NAV per unit (pence)	NAV (£)	Total units in issue	NAV per unit (pence)	NAV (£)
31 Mar 2011	2,987,631	52.73	1,575,408	16,626,060	50.95	8,470,605
31 Mar 2012	1,998,213	52.03	1,039,700	9,611,720	49.89	4,795,604
31 Mar 2013	1,954,892	58.56	1,144,737	6,782,892	55.73	3,780,251
30 Sep 2013	2,295,340	59.03	1,354,889	6,199,537	55.97	3,469,791

Note: 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.

T. BAILEY DYNAMIC CAUTIOUS MANAGED FUND

RISK PROFILE

Please remember that both the price of units and the revenue derived from them may go down as well as up and that you may not get back the amount originally invested. Furthermore, changes in foreign currency exchange rates may cause the value of your investment to increase or diminish. Capital appreciation in the early years will be adversely affected by the impact of initial charges (Retail class units only), which by their nature are not levied uniformly throughout the life of the investment. You should, therefore, regard your investment as medium to long term. Past performance is not a reliable indicator of future results.

T. BAILEY DYNAMIC CAUTIOUS MANAGED FUND

OTHER INFORMATION

THE MANAGER

T. Bailey Fund Managers Limited
64 St. James's Street
Nottingham NG1 6FJ
Tel: 0115 988 8200
Fax: 0115 988 8222
Dealing line: 0115 988 8213
Website: www.tbailey.co.uk

Authorised and regulated by the Financial
Conduct Authority.

TRUSTEE

National Westminster Bank Plc
Trustee & Depositary Services
135 Bishopsgate
London EC2M 2UR

Authorised and regulated by the Financial
Conduct Authority and by the Prudential
Regulation Authority.

INVESTMENT MANAGER

T. Bailey Asset Management Limited
64 St. James's Street
Nottingham NG1 6FJ
Tel: 0115 988 8200
Fax: 0115 988 8222
Website: www.tbailey.co.uk

Authorised and regulated by the Financial
Conduct Authority.

AUDITORS

Deloitte LLP
4 Brindleyplace
Birmingham B1 2HZ

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



T.BAILEY

Issued by T. Bailey Fund Managers Limited ('TBFM'). TBFM is a Regulated Collective Investment Scheme Manager and is authorised and regulated by the Financial Conduct Authority. Registered in England No: 3720363.
