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T. Bailey Growth Fund

Annual Report & Audited Financial Statements

For the year ended 31 March 2022

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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 13 and 'Directory' on page 35.*



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## THE AUTHORISED FUND MANAGER AND INVESTMENT MANAGER

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

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

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## YOUR INVESTMENTS

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

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## RISK PROFILE

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

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

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

Whilst the intention of using derivatives is to reduce risk, this outcome is not guaranteed and derivatives involve additional risks which could lead to losses.

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

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## SYNTHETIC RISK AND REWARD INDICATOR

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The Synthetic Risk and Reward Indicator demonstrates, in a standard format, where the Fund ranks in terms of its potential risk and reward. It is based on historical performance data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The indicator uses a scale of one to seven. 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 five because it invests in UK and overseas shares and the unit price has experienced high rises and falls in value in the past.

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## OTHER INFORMATION

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

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

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## **AUTHORISED STATUS**

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The Fund is governed by a Trust Deed made between the Manager and the Trustee dated 4 November 1999 as amended by supplemental Trust Deeds made between the same parties dated 29 November 2002, 15 September 2004, 26 April 2006, 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 UK UCITS 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 Pound Sterling.

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## **INVESTMENT OBJECTIVE AND POLICY**

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The T. Bailey Growth Fund aims to provide capital growth in excess of the IA Global Sector average over Rolling Periods of 5 years (after charges).

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

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

Through its investments in other funds, the Fund may also be exposed to a range of other asset classes such as government and corporate debt, money market instruments, currencies, property, commodities, infrastructure, deposits, cash and near cash on both a UK and a global basis.

The Fund is actively managed, taking into account the Investment Manager's views on growth opportunities and investment themes. Investment themes drive the selection of assets, focusing on areas where demand is robust and is likely to exceed supply for the foreseeable future (for example, technology, healthcare, materials and sustainability). This emphasis on global themes highlights higher growth opportunities irrespective of geography.

The weighting of the asset classes to which the Fund is exposed may be varied depending on the Investment Manager's views in the context of achieving the investment objective and at any one time the Fund may be exposed to a diversified range of industry sectors, currencies or geographies in various proportions.

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

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

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## FUND BENCHMARK

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The Fund is managed to outperform the Investment Association (IA) Global Sector Average over rolling 5-year periods. The IA Global Sector Average has been chosen as a target benchmark as it represents the performance of a broad peer group of global equity funds available to UK based investors, the outcomes of which are representative of the opportunity set for global equities.

Please note the Fund is not constrained by or managed to the IA Global Sector Average.

The IA Global Sector Average is a Target Benchmark of the Fund.

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## ONGOING CHARGES FIGURE

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The Ongoing Charges Figure ('OCF') provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the Annual Management Charge, but also includes the costs for other services paid in respect of Trustee, custody, FCA and audit fees. As the Fund invests in other funds, the weighted average costs of the underlying funds are also taken into account. The OCFs, as calculated in accordance with ESMA guidelines, are disclosed as 'Operating charges (p.a.)' in the Summary of Fund Performance tables on page 16.

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

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## REMUNERATION POLICY OF THE AUTHORISED FUND MANAGER

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### Introduction and Scope

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

The Remuneration Policy:

- Is consistent with and promotes sound and effective risk management;
- Does not encourage risk taking that exceeds the level of tolerated risk of the firm;
- Encourages behaviour that delivers results which are aligned to the interests of TBFS's clients and the UCITS funds it manages;
- Aligns the interests of Code Staff with the long-term interests of TBFS's clients and the UCITS funds it manages;
- 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
- Recognises that fixed and variable components should be appropriately balanced and that the variable component should be flexible enough so that in some circumstances no variable component may be paid at all. Variable pay is made up of short-term awards typically based on short-term financial and strategic measures for the area of the business in which the member of Code Staff works.

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

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

There is no remuneration committee. Remuneration is set within the context of a 5-year plan which ensures any threats to capital adequacy, liquidity and solvency caused by excessive remuneration would be identified. The bonus and commission arrangements including the staff bonus pool are set annually as part of the annual operating plan and any changes to the pool require approval by the CEO of TBFS and the Board of TBH.

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

To assist with the above process, a benchmarking exercise was conducted in 2019 which incorporated information from external consultants in connection with remuneration.

### Policy on link between pay and performance

The staff bonus scheme is operated so as to allow for meaningful rewards to be paid to staff whose performance during the year merits recognition but within the context of an annual operating plan. The Board bears in mind the projected performance of the company when making any adjustments to the scheme. This is agreed within the setting of the annual operating plan and reviewed once full year results are available.

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

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



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

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

There are no commission based payments made to staff.

No other pay reward schemes exist within the business.

**Total remuneration paid by the Authorised Fund Manager for the year ended 30 September 2021**

<b>Total Number of Staff</b>	<b>51</b>
	<b>£'000</b>
Fixed	1,797
Variable	111
<b>Total Remuneration Paid</b>	<b>1,908</b>

**Total remuneration paid by the Authorised Fund Manager to Remuneration Code Staff for the year ended 30 September 2021**

	<b>Senior Management</b>	<b>Staff with Material Impact</b>
<b>Total Number of Staff</b>	<b>10</b>	<b>-</b>
	<b>£'000</b>	<b>£'000</b>
Fixed	800	-
Variable	9	-
<b>Total Remuneration Paid</b>	<b>809</b>	<b>-</b>

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

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## STATEMENT OF THE AUTHORISED FUND MANAGER'S RESPONSIBILITIES

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The Authorised Fund Manager ("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 amended in June 2017; and
- give a true and fair view of the financial position of the Fund as at the end of that period and the net revenue or expense and the net capital gains or losses on the property of the Fund for that period.

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

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

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

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## DIRECTORS' STATEMENT

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In accordance with COLL 4.5.8BR, the Report and the Financial Statements were approved by the board of directors of the Manager of the Fund and authorised for issue on 29 July 2022.

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  
29 July 2022

**Rachel Elliott**  
Chief Financial Officer  
T. Bailey Fund Services Limited  
Nottingham, United Kingdom  
29 July 2022

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## STATEMENT OF TRUSTEE'S RESPONSIBILITIES

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

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

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

The Trustee must ensure that:

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

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

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

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

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

**NatWest Trustee & Depositary Services Limited**  
**London, United Kingdom**  
**29 July 2022**

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

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### 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 2022 and of the net expense and the net capital gains and losses on the property of the Fund for the year ended 31 March 2022; 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 15; and
- the distribution table.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014, the Collective Investment Schemes Sourcebook and the Trust Deed.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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.

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## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF T. BAILEY GROWTH FUND (CONTINUED)**

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### **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](http://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 its 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.

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
- 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.

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## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF T. BAILEY GROWTH FUND (CONTINUED)**

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

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments. In response we have: involved our financial instruments specialists to assess the applied valuation methodologies; agreed investment holdings to independent confirmations; and agreed investment prices to reliable independent sources.

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 the 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 2022 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**  
**29 July 2022**

## INVESTMENT REVIEW

### Performance

Cumulative returns for the periods ended 31 March 2022 (%)					
	1 year			3 years	5 years
TBGF – A Accumulation	(1.08)			33.26	45.74
IA Global Sector Average*	8.39			43.17	60.16
Discrete returns for the 12 month periods ended 31 March (%)					
	2022	2021	2020	2019	2018
TBGF – A Accumulation	(1.08)	52.24	(11.51)	2.88	6.30
IA Global Sector Average*	8.39	40.59	(6.04)	8.97	2.66
Rolling returns for the 5 year periods ended 31 March (%)					
	2022	2021	2020	2019	2018
TBGF – A Accumulation	45.74	80.65	19.43	62.01	62.19
IA Global Sector Average*	60.16	89.97	30.58	60.24	57.44

\* Target Benchmark.

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

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

The past twelve months can almost be characterised by two distinct periods of performance split by the halfway point. The first five and a half of months from the start of April 2021 evidenced a strong performance period for global equities buoyed by ample liquidity, good earnings reports and the perception that the pick-up in inflation was a temporary phenomenon. The latter point was underlined by major central banks stating that they thought higher inflation was 'transitory'. Chinese equities were the exception to the strong equity returns as Chinese authorities sought to curb excessive pricing and industry dominance by a number of Chinese companies as China pursued its policy of 'common prosperity'.

While the first half of the past twelve months saw broad equity strength across most styles and themes, the second half was dominated by a change in monetary policy stance by the central banks of western developed economies. Their governments' support for their economies had done its job in protecting economic activity but as economies recovered and unemployment dropped sharply alongside supply shortages, inflation looked

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## INVESTMENT REVIEW (CONTINUED)

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more than transitory. Those businesses that had sustained high valuations against the reference points of low bond yields, became vulnerable to de-rating as bond yields rose over inflationary concerns.

Many economies were subject to bouts of pandemic induced lockdowns for relatively short periods which exacerbated the labour shortages and rising wage pressures. As 2022 started, central bank rhetoric on interest rates and the need to curb inflation changed to a more aggressive stance resulting in a number of official rate increases being priced into futures markets for the balance of 2022 in the US and UK on top of those already in place. Bond yields rose sharply and as a consequence provided a significant headwind for equities, especially in January 2022. To add to the burden for equities, Russia's aggression toward its southern neighbour, Ukraine, unsettled markets further. Having said Russia would not invade Ukraine, President Putin did invade on February 24<sup>th</sup> 2022. The resultant disruption to food and energy supplies and the international sanctions placed on Russia by the West, caused a spike in energy, foodstuff and metal prices causing further consternation to inflation predictors.

The Growth Fund posted a small negative return over the twelve months but as the commentary above indicates, this masks two distinct periods. The first six months saw the Fund rise almost 10% whereas the second six months witnessed a near 10% fall. Cash was raised to approximately 10% of the portfolio as a defensive measure in August 2021, along with a reduction in more highly valued themes and underlying funds in favour of less volatile holdings. However, this proved to be too little to counter the savage sell-off in growth equities which contributed to the Fund's fall in price. To cushion the impact of the fall in equity prices, exposure to commodities was increased in 2022. Currencies were one of the least volatile asset classes over the period although the US dollar strengthened against sterling.

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

Sector	Asset allocation as at 31 March 2022 (%)	Asset allocation as at 31 March 2021 (%)
Commodities	4.7	-
Europe (ex. UK) Equities	7.3	6.9
Global and Thematic Equities	39.0	41.9
Japan Equities	10.6	9.7
Pacific Basin (ex. Japan) Equities	6.0	12.6
UK Equities	20.5	21.9
US Equities	4.1	4.4
Cash and Other	7.8	2.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The full list of holdings at the period end date is shown in the portfolio statement on pages 14 to 15.



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## INVESTMENT REVIEW (CONTINUED)

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### Outlook

The outlook is uncertain with the war in Ukraine uppermost in investors' minds. Also occupying investors' thoughts is the high inflation currently being witnessed and how long inflation will remain elevated amid shortages of labour and essential items from energy to food. A significant rise in interest rates is priced in and longer-term rates seem more sanguine about inflation. The need for greater energy and food independence will likely result in higher levels of inflation than we have witnessed in recent years but below current levels. Supply shortages have been magnified by Chinese covid-related lockdowns in key port areas such as Shanghai, which should be a temporary phenomenon. Against an uncertain backdrop, the Growth Fund will retain its cash and commodity positions for the foreseeable future until greater clarity on inflation, geopolitics and economies is available. For equity exposure, the Fund will concentrate on its long-term demand themes such as energy transition and climate change which have received a following wind from events in 2022 to date. Importantly, exposure to businesses that are not labour-intensive, have pricing power and good, sustainable margins will be a key focus for the Fund.

**Elliot Farley**  
**Fund Manager**  
**T. Bailey Asset Management Limited**  
**Nottingham, United Kingdom**  
**29 July 2022**

**Peter Askew**  
**Fund Manager**  
**T. Bailey Asset Management Limited**  
**Nottingham, United Kingdom**  
**29 July 2022**

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**PORTFOLIO STATEMENT**As at 31 March 2022

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Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
<b>Commodities</b> <b>(4.7%; 31.03.21 - 0.0%)</b>		
781,600 WisdomTree Enhanced Commodity	11,769,333	4.7
	<b>11,769,333</b>	<b>4.7</b>
<b>Europe (ex. UK) Equities</b> <b>(7.3%; 31.03.21 - 6.9%)</b>		
35,856 Aubrey European Conviction	5,385,535	2.2
13,463,664 LF Miton European Sustainable Leaders	12,925,118	5.1
	<b>18,310,653</b>	<b>7.3</b>
<b>Global and Thematic Equities</b> <b>(39.0%; 31.03.21 - 41.9%)</b>		
3,840,238 Baillie Gifford Health Innovation	2,931,254	1.2
188,910 First Trust Cybersecurity	4,951,331	2.0
430,375 First Trust Innovative Transaction & Process	9,909,384	4.0
4,013,096 JPM Climate Change Solutions	3,897,519	1.6
734,339 Polar Capital Automation & Artificial Intelligence	10,126,529	4.1
1,229,139 Polar Capital Global Insurance	11,068,770	4.4
53,543 Robeco SAM Smart Materials	12,128,014	4.9
134,200 Schroder ISF Global Sustainable Food and Water	10,882,876	4.4
75,739 Schroder Global Energy Transition	11,714,158	4.7
276,319 TT Environmental Solutions	4,346,579	1.7
852,504 WisdomTree Agriculture	4,634,302	1.9
655,325 WisdomTree Industrial Metals	10,289,485	4.1
	<b>96,880,201</b>	<b>39.0</b>
<b>Japan Equities</b> <b>(10.6%; 31.03.21 - 9.7%)</b>		
132,323 Baillie Gifford Japanese Smaller Companies	5,929,372	2.4
86,288 JK Japan	9,095,659	3.7
3,550,780 JPM Japan	11,429,961	4.5
	<b>26,454,992</b>	<b>10.6</b>

**PORTFOLIO STATEMENT (CONTINUED)**

As at 31 March 2022

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
<b>Pacific Basin (ex. Japan) Equities</b> <b>(6.0%; 31.03.21 - 12.6%)</b>		
621,087 Baillie Gifford Pacific	7,738,743	3.1
4,247,689 VT Halo Global Asian Consumer	7,195,883	2.9
	<b>14,934,626</b>	<b>6.0</b>
<b>UK Equities</b> <b>(20.5%; 31.03.21 - 21.9%)</b>		
7,606,800 Chrysalis Investments	13,387,968	5.4
3,565,667 IP Group	3,201,969	1.3
5,101,374 LF Gresham House UK Micro Cap	10,911,838	4.4
2,918,622 MI Chelverton UK Equity Growth	10,321,997	4.1
958,881 Polar Capital UK Value Opportunities	13,194,199	5.3
	<b>51,017,971</b>	<b>20.5</b>
<b>US Equities</b> <b>(4.1%; 31.03.21 - 4.4%)</b>		
2,692,429 Premier Miton US Opportunities	10,322,773	4.1
	<b>10,322,773</b>	<b>4.1</b>
<b>Portfolio of investments</b>	<b>229,690,549</b>	<b>92.2</b>
<b>Net other assets</b>	<b>19,399,854</b>	<b>7.8</b>
<b>Total net assets</b>	<b>249,090,403</b>	<b>100.0</b>

*All holdings are in collective investment schemes traded on regulated markets or equities quoted on official stock exchanges.*

## SUMMARY OF FUND PERFORMANCE

<b>A Accumulation Units</b>	<b>1 Apr 2021 to 31 Mar 2022</b> (pence per unit)	<b>1 Apr 2020 to 31 Mar 2021</b> (pence per unit)	<b>1 Apr 2019 to 31 Mar 2020</b> (pence per unit)
<b>Change in net assets per unit</b>			
Opening net asset value per unit	219.47	145.75	163.74
Return before operating charges*	(2.45)	75.02	(16.86)
Operating charges	(1.53)	(1.30)	(1.13)
Return after operating charges*	(3.98)	73.72	(17.99)
Distributions	0.00	0.00	0.05
Retained distributions on accumulation units	0.00	0.00	(0.05)
Closing net asset value per unit	215.49	219.47	145.75
* after direct transaction costs of:	0.03	0.02	0.00
<b>Performance</b>			
Return after charges	(1.81)%	50.58%	(10.99)%
<b>Other information</b>			
Closing net asset value	£249,090,403	£260,225,071	£164,179,179
Closing number of units	115,590,945	118,568,065	112,642,872
Operating charges (p.a.)	1.35%	1.32%	1.38%
Direct transaction costs (p.a.)	0.01%	0.01%	0.00%
<b>Prices</b>			
Highest published unit price	247.42	235.26	182.16
Lowest published unit price	203.15	141.50	137.31

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

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**STATEMENT OF TOTAL RETURN**For the year ended 31 March 2022

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			31.03.22	31.03.21
	Note	£	£	£
Income				
Net capital (losses)/gains	2		(3,068,705)	92,919,793
Revenue	3	440,877		591,774
Expenses	4	(1,807,727)		(1,691,843)
Interest payable and similar charges	6	(669)		(52)
Net expense before taxation		(1,367,519)		(1,100,121)
Taxation	5	-		(37)
Net expense after taxation			(1,367,519)	(1,100,158)
<b>Total (loss)/return before distributions</b>			<b>(4,436,224)</b>	<b>91,819,635</b>
Distributions	6		-	(206)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(4,436,224)</b>	<b>91,819,429</b>

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**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**For the year ended 31 March 2022

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			31.03.22	31.03.21
		£	£	£
<b>Opening net assets attributable to unitholders</b>			<b>268,307,974</b>	<b>182,700,329</b>
<i>Movements due to sales and repurchases of units:</i>				
Amounts receivable on issue of units		33,600,966		53,801,072
Amounts payable on cancellation of units		(48,382,313)		(60,012,856)
			(14,781,347)	(6,211,784)
Change in net assets attributable to unitholders from investment activities			(4,436,224)	91,819,429
<b>Closing net assets attributable to unitholders</b>			<b>249,090,403</b>	<b>268,307,974</b>

**BALANCE SHEET**  
As at 31 March 2022

	<b>Note</b>	<b>31.03.22</b>	<b>31.03.21</b>
		<b>£</b>	<b>£</b>
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		229,690,549	261,259,164
<b>Current assets:</b>			
Debtors	7	421,900	1,248,055
Cash and bank balances	8	19,489,191	6,532,729
<b>Total assets</b>		<b>249,601,640</b>	<b>269,039,948</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Other creditors	9	511,237	731,974
<b>Total liabilities</b>		<b>511,237</b>	<b>731,974</b>
<b>Net assets attributable to unitholders</b>		<b>249,090,403</b>	<b>268,307,974</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

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

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with Financial Reporting Standard (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of UK Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017.

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

**(b) Functional currency**

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

**(c) Recognition of revenue**

Dividends and distributions on holdings, net of any irrecoverable withholding tax, are recognised when the underlying security or collective investment scheme is quoted ex-dividend or ex-distribution. Bank interest and revenue management fee rebates are accounted for on an accruals basis.

All revenue is recognised on the condition that the flow of economic benefits is probable and the amount can be measured reliably.

**(d) Treatment of stock dividends**

Stock dividends are credited to the capital account when the stock is quoted ex-dividend. The cash equivalent is then transferred to the revenue account and forms part of the distributable revenue.

The allocation of special dividends is considered on a case-by-case basis in determining whether the dividend is to be treated as revenue or capital.

**(e) Equalisation on distributions**

Equalisation, on revenue distributions received by the Fund from its holdings in underlying collective investment schemes, is treated as a return of capital.

**(f) Treatment of expenses**

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

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

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

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

For the year ended 31 March 2022

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**1. Accounting policies (continued)**

**(h) Taxation/deferred taxation**

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

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

Income tax on interest distributions is classed as 'income tax recoverable' and is recovered on a yearly basis on submission of the Fund's annual tax return.

**(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.

**(m) Significant judgements**

There have been no significant judgements or sources of estimated uncertainty in the period.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2022

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

	<b>31.03.22</b>	<b>31.03.21</b>
	<b>£</b>	<b>£</b>
Non-derivative securities	(4,902,037)	95,965,409
Currency gains/(losses)	1,823,621	(3,045,157)
Transaction charges	(135)	(463)
Capital management fee rebates	9,846	4
<b>Net capital (losses)/gains</b>	<b>(3,068,705)</b>	<b>92,919,793</b>

**3. Revenue**

	<b>31.03.22</b>	<b>31.03.21</b>
	<b>£</b>	<b>£</b>
UK franked distributions	405,920	550,892
UK unfranked distributions	-	184
UK franked dividends	52,283	-
Franked revenue currency losses	(11)	-
Unfranked revenue currency (losses)/gains	(17,315)	40,698
<b>Total revenue</b>	<b>440,877</b>	<b>591,774</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2022

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**4. Expenses**

	31.03.22	31.03.21
	£	£
<b>Payable to the Manager, associates of the Manager and agents of either:</b>		
Annual management charge	1,629,719	1,524,569
Registration fees	74,227	67,250
Administration fees	12,291	14,986
	<u>1,716,237</u>	<u>1,606,805</u>
<b>Payable to the Trustee, associates of the Trustee and agents of either:</b>		
Trustee's fees	72,967	68,432
Safe custody fees	7,433	5,647
	<u>80,400</u>	<u>74,079</u>
<b>Other expenses:</b>		
Audit fee	8,040	7,662
Tax fee	2,952	2,796
FCA fee	98	168
Other expenses	-	333
	<u>11,090</u>	<u>10,959</u>
<b>Total expenses</b>	<u><b>1,807,727</b></u>	<u><b>1,691,843</b></u>
	31.03.22	31.03.21
	£	£
<b>Fees payable to the Fund Auditor for the audit of the Fund's annual financial statements:</b>		
Total audit fee	<u>8,040</u>	<u>7,662</u>
Total non-audit fees - Tax compliance services	<u>2,952</u>	<u>2,796</u>

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

For the year ended 31 March 2022

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

	31.03.22	31.03.21
	£	£
<b>Analysis of charge in the year</b>		
Irrecoverable income tax	-	37
<b>Total current tax for the year (see note 5(b))</b>	<u>-</u>	<u>37</u>
Deferred tax (see note 5(c))	-	-
<b>Total taxation for the year</b>	<u>-</u>	<u>37</u>

Corporation tax has been provided at a rate of 20% (31 March 2021: 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:

	31.03.22	31.03.21
	£	£
Net expense before taxation	<u>(1,367,519)</u>	<u>(1,100,121)</u>
Corporation tax at 20%	(273,504)	(220,024)
<b>Effects of:</b>		
Revenue not subject to taxation	(91,638)	(110,178)
Capital management fees rebates	1,969	1
Excess expenses for which no relief taken	363,173	330,201
Irrecoverable income tax	-	37
<b>Current tax charge for the year (see note 5(a))</b>	<u>-</u>	<u>37</u>

**(c) Provision for deferred tax**

At 31 March 2022, the Fund had surplus management expenses of £21,752,333 (31 March 2021: £19,936,463). The deferred tax in respect of this would be £4,350,467 (31 March 2021: £3,987,293). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised at the year end, or at the previous year end (see note 5(a)). Changes in tax laws and rates may affect recorded deferred tax assets and liabilities and the effective tax rate in the future.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2022

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**6. Distributions**

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

	<b>31.03.22</b>	<b>31.03.21</b>
	<b>£</b>	<b>£</b>
Final - Accumulation (31 March)	-	-
	-	-
Revenue deducted on cancellation of units	-	958
Revenue received on issue of units	-	(752)
<b>Net distribution for the year</b>	<b>-</b>	<b>206</b>
Interest	669	52
<b>Total finance costs</b>	<b>669</b>	<b>258</b>
<b>Reconciliation to net distribution for the year</b>		
Net expense after taxation for the year	(1,367,519)	(1,100,158)
Revenue currency (losses)/gains	-	(1,875)
Losses transferred to capital	1,367,519	1,102,239
<b>Net distribution for the year</b>	<b>-</b>	<b>206</b>

Details of the distributions per unit are set out in the distribution table on page 34.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2022

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**7. Debtors**

	31.03.22	31.03.21
	£	£
Amounts receivable for issue of units	419,179	1,248,055
Management fee rebates recoverable	2,721	-
<b>Total debtors</b>	<b>421,900</b>	<b>1,248,055</b>

**8. Cash and bank balances**

	31.03.22	31.03.21
	£	£
Cash and bank balances	19,489,191	6,532,729
<b>Total cash and bank balances</b>	<b>19,489,191</b>	<b>6,532,729</b>

**9. Creditors**

	31.03.22	31.03.21
	£	£
Amounts payable for cancellation of units	355,509	555,068
Accrued manager fees	122,903	145,329
Accrued registration fees	8,146	8,789
Accrued administration fees	1,583	1,716
Accrued trustee fees	5,872	6,541
Accrued custody fees	3,880	1,702
Accrued audit fees	8,040	7,662
Accrued tax fees	5,304	5,148
Accrued FCA fees	-	19
<b>Total creditors</b>	<b>511,237</b>	<b>731,974</b>

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

For the year ended 31 March 2022

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**10. Related party transactions**

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

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

- T. Bailey Asset Management Limited (32,513 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 2022, there was one unitholder that held units amounting to over 25% of the Fund's total net asset value:

- Schroder & Co Nominees Limited (45.1%)

Details of transactions occurring during the accounting period between the Manager and the Trustee and any balances due at the period end are fully disclosed in notes 4 and 9 to the Financial Statements.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2022

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**11. Unit classes**

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

	<b>A Accumulation</b>
Opening units at the start of the year	118,568,064.864
Total creation of units in the year	14,779,866.783
Total cancellation of units in the year	(17,756,986.311)
<b>Closing units at the end of the year</b>	<b>115,590,945.336</b>

  

	<b>X Accumulation</b>
Opening units at the start of the year	3,681,956.307
Total creation of units in the year	104,577.513
Total cancellation of units in the year	(3,786,533.820)
<b>Closing units at the end of the year</b>	<b>-</b>

The annual management charge is as follows:

A Accumulation	0.60% p.a.
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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 table on page 16. The distributions per unit class are given in the distribution table on page 34. Income, and the associated tax, which is not attributable to a particular unit class is allocated by the Manager in a manner which is considered fair to unitholders in general, usually pro-rata based on the net asset values of the unit classes. All unit classes have the same rights on winding up.

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

For the year ended 31 March 2022

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**12. Risk management policies**

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

**(a) Currency exposures**

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

	Net foreign currency assets at 31 March 2022			Net foreign currency assets at 31 March 2021		
	Monetary exposures	Non- monetary exposures	Total	Monetary exposures	Non- monetary exposures	Total
	£'000	£'000	£'000	£'000	£'000	£'000
US Dollar	4,423	41,867	46,290	4,216	54,091	58,307

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 £3,806,127 (31 March 2021: £3,676,208). 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 £4,651,933 (31 March 2021: £4,493,143). These calculations assume all other variables remain constant.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2022

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

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

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

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

	<b>Floating rate financial assets  £'000</b>	<b>Fixed rate financial assets  £'000</b>	<b>Financial assets not bearing interest  £'000</b>	<b>Floating rate financial liabilities  £'000</b>	<b>Financial liabilities not bearing interest  £'000</b>	<b>Total  £'000</b>
<b>31.03.22</b>						
Sterling	15,066	-	188,245	-	(511)	202,800
US Dollar	4,423	-	41,867	-	-	46,290
<b>31.03.21</b>						
Sterling	2,317	-	208,416	-	(732)	210,001
US Dollar	4,216	-	54,091	-	-	58,307

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

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

For the year ended 31 March 2022

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

The floating rate financial assets and liabilities comprise: Sterling denominated bank account balances that bear interest at the Bank of England base rate less 75 basis points (to a minimum of NIL) and overdrafts that bear interest at the Bank of England base rate plus 100 basis points. Financial assets and liabilities not bearing interest mainly comprise investments that do not have a maturity date.

Cash flow risk and interest rate risk is managed by only holding cash at reputable financial institutions.

Changes in interest rates would have no material impact to the valuation of floating rate financial assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

**(c) Liquidity risk**

All of the Fund's underlying financial assets are considered to be readily realisable. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement. All of the Fund's financial liabilities are payable on demand or in less than one year.

**(d) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk. Cash is held with reputable credit institutions and credit risk is assessed on a regular basis. Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. The Fund only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty and these are reviewed on an ongoing basis.

**(e) Market price risk**

The Fund's underlying investments are collective investment schemes and transferable securities either quoted on recognised stock exchanges or traded on regulated markets. The value of shares/units is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual share/unit held within an underlying scheme or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Manager seeks to minimise these risks by holding a diversified portfolio of transferable securities and collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority's Collective Investment Schemes sourcebook, which includes rules prohibiting a holding greater than 20% of the assets of the Fund in any one underlying investment. If the value of shares/units in the underlying investments were to increase or decrease by 10% the change in the net asset value of the Fund would be £22,969,055 (31 March 2021: £26,125,916). This calculation assumes all other variables remain constant.

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

For the year ended 31 March 2022

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

Valuation technique	INVESTMENT ASSETS	
	31 March 2022	31 March 2021
	£	£
Level 1: Quoted Prices	58,143,772	56,160,399
Level 2: Observable Market Data	171,546,777	205,098,765
Level 3: Unobservable Data	-	-
	<u>229,690,549</u>	<u>261,259,164</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 2021: £nil)

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 March 2022

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

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

	31.03.22		31.03.21	
	£		£	
<b>Analysis of total purchase costs</b>				
<b>PURCHASES</b>				
Collective Investment Schemes	60,388,992		68,077,072	
Equities	52,281		-	
Exchange Traded Funds	30,178,726		33,656,935	
Investment Trusts	-		5,341,430	
Net purchases before direct transaction costs	90,619,999		107,075,437	
		<b>% of total</b>		<b>% of total</b>
<b>DIRECT TRANSACTION COSTS</b>		<b>purchases</b>		<b>purchases</b>
Exchange Traded Funds	15,089	0.02%	16,828	0.02%
Total direct transaction costs	15,089	0.02%	16,828	0.02%
<b>Gross purchases total</b>	<b>90,635,088</b>		<b>107,092,265</b>	
<b>Analysis of total sale costs</b>				
<b>SALES</b>				
Collective Investment Schemes	85,562,161		86,049,717	
Exchange Traded Funds	33,815,638		16,340,176	
Gross sales before direct transaction costs	119,377,799		102,389,893	
		<b>% of total</b>		<b>% of total</b>
<b>DIRECT TRANSACTION COSTS</b>		<b>sales</b>		<b>sales</b>
Exchange Traded Funds	(16,908)	0.01%	(8,170)	0.01%
Total direct transaction costs	(16,908)	0.01%	(8,170)	0.01%
<b>Net sales total</b>	<b>119,360,891</b>		<b>102,381,723</b>	

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

For the year ended 31 March 2022

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

	<b>31.03.22</b>		<b>31.03.21</b>	
	<b>% of average</b>		<b>% of average</b>	
	<b>£</b>	<b>NAV</b>	<b>£</b>	<b>NAV</b>
<b>Analysis of total direct transaction costs</b>				
Exchange Traded Funds	31,997	0.01%	24,998	0.01%
Total direct transaction costs	<b>31,997</b>	<b>0.01%</b>	<b>24,998</b>	<b>0.01%</b>

**(b) Average portfolio dealing spread**

The average portfolio dealing spread of the investments at the balance sheet date was 0.08% (31 March 2021: 0.06%). 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 2021: £nil).

**15. Post balance sheet events**

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

A Accumulation Units – Decreased from 215.49 pence per unit to 196.74 pence per unit (25 July 2022).

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

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**DISTRIBUTION TABLE**

For the year ended 31 March 2022

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**Final Distribution (31 March 2022)**

Group 1 - Units purchased on or prior to 31 March 2021

Group 2 - Units purchased after 31 March 2021

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Units	Revenue	Equalisation <sup>1</sup>	Paid/Accumulated	Paid/Accumulated
	(pence)	(pence)	31.05.22 (pence)	31.05.21 (pence)
<b>A Accumulation</b>				
Group 1	-	-	-	-
Group 2	-	-	-	-
<b>X Accumulation</b>				
Group 1	-	-	N/A	-
Group 2	-	-	N/A	-

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

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## DIRECTORY

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### Authorised Fund Manager

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

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

Authorised and regulated by the Financial Conduct Authority.

### Directors of the Authorised Fund Manager

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

### Investment Manager

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

Tel: 0115 666 0470  
Website: [www.tbaileyam.co.uk](http://www.tbaileyam.co.uk)

Authorised and regulated by the Financial Conduct Authority.

### Trustee

NatWest Trustee & Depositary Services Limited  
135 Bishopsgate  
London  
EC2M 3UR

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

### Registrar and Unit Dealing

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

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

Authorised and regulated by the Financial Conduct Authority.

### Auditor

Deloitte LLP  
Four Brindleyplace  
Birmingham  
United Kingdom  
B1 2HZ

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

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