



T.BAILEY

T. Bailey Equity Income Fund
Annual Short Report

For the year ended 31 March 2010

Masters of Funds

T. BAILEY EQUITY INCOME FUND

INVESTMENT OBJECTIVE & POLICY

The aim of T. Bailey Equity Income Fund is to provide a yield in excess of 110% of the yield on the FTSE All-Share Index whilst outperforming the FTSE All-Share Index on a total return basis. Some capital growth is anticipated over the longer term as a result of the equities asset class.

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

FUND FACTS

Launch date: 23 November 2004

Ex-dividend dates: 1 July, 1 October, 1 January, 1 April

Dividend payment dates: 31 August, 30 November, 28 February, 31 May

Total Expense Ratios¹

Institutional units –	2.46% p.a.
Retail units –	3.21% p.a.

¹ To 31 March 2010. As calculated in accordance with the FSA handbook COLL 4, Annex 1. The total expense ratio ('TER') 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.

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INVESTMENT REVIEW

Performance	Cumulative returns for the periods ended 31 March 2010 (%)				Discrete returns for the 12 month periods ended 31 March (%)				
	1 year	3 years	5 years	From launch	2010	2009	2008	2007	2006
Institutional units ²	39.56	(13.73)	20.41	30.47	39.56	(28.21)	(13.89)	12.68	23.86
Retail units ²	38.54	(15.65)	16.89	26.45	38.54	(28.76)	(14.54)	12.16	23.56
FTSE All-Share Index TR ¹	58.34	(0.96)	41.17	49.26	58.34	(31.93)	(8.11)	10.56	28.92
IMA UK Equity Income Sector Mean ¹	47.39	(11.28)	24.84	33.89	47.39	(29.99)	(14.03)	10.78	27.02
IMA UK Equity Income Sector Quartile ¹	4	3	4	3	4	2	3	2	4

¹ Source: T. Bailey, Lipper Hindsight. Total return, bid to bid. As the T. Bailey Equity Income Fund is a fund of funds, index figures and IMA quartile figures are to 30 March.

² Performance based on Income units. Accumulation classes were created on 2 January 2007.

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.

Recent years have been challenging for UK equity income investing and this period has not been an exception. Momentum sensitive equities have performed more strongly than those where fundamental factors, such as those with more secure earnings, have looked the more robust.

Consequently the average UK equity income fund delivered returns of 47.4% over the period, some way below the 58.3% delivered by the wider UK equity market. As a fund of funds choosing from these equity income funds the T. Bailey Equity Income Fund was not immune from these difficulties. Indeed the challenges posed by this coupled with a more defensive positioning to corporate bond funds resulted in performance of 38.5%.

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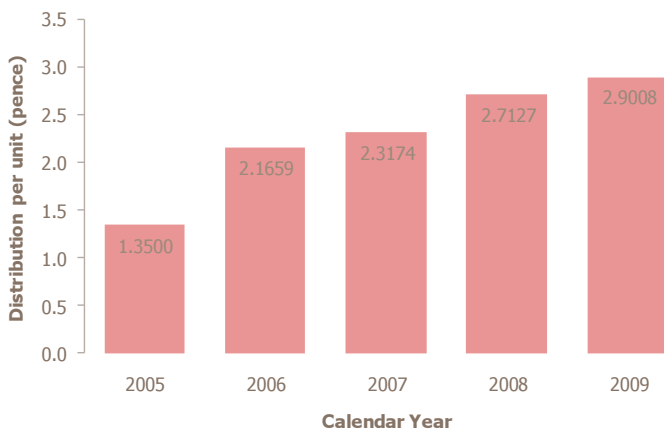
Throughout the period we have kept to our investment approach of providing exposure to a basket of UK equity income funds and supplementing these with satellite holdings that seek to benefit from shorter-term capital growth or which could help secure the income objectives of the fund.

At the start of the period, the portfolio held satellite positions in corporate bond funds on defensive grounds to preserve capital in uncertain markets and to maintain a higher income in a period of earnings uncertainty. As the period progressed these positions were sold down and, with concerns over Sterling weakness, at the end of the period we used the satellite part of the portfolio to introduce exposure to US equities.

INCOME DISTRIBUTION

We continued to maintain our strong income record relative to our peers in the IMA UK Equity Income Sector achieving an historic yield considerably in excess of 110% of the yield of the FTSE All-Share Index, which on 1 April 2010 stood at 5.18%. As at 1 April 2010 the historic annual yield of the FTSE All-Share Index was 3.16% (retail income class).

Historic calendar year distributions



Sources: T. Bailey, Lipper Hindsight. 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.

Indeed we have we have increased the yield of the fund in monetary terms once again continuing our record of having increased the distribution in monetary terms in each calendar year since the launch of the T. Bailey Equity Income Fund.

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OUTLOOK

Countries are leaving their recessions at different times and different speeds. The differing states of health of the World's major economies and the policy options that are open to them will provide a number of investment opportunities over the medium to long-term.

In the UK the outlook for corporate earnings has improved considerably compared to this time last year and we feel that an active, flexible approach to UK equity income investing that has the scope to seek out wider opportunities coupled with the benefits of a fund of funds structure will reward long-term investors, even if the headwinds of the last 12 months have proved more difficult for funds of funds.



Jason Britton
Fund Manager
15 July 2010



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TOP TEN HOLDINGS

Top Ten Holdings as at 31 March 2010 (%)

Standard Life UK Equity High Income	12.7
Invesco Perpetual Income	12.7
Gartmore UK Equity Income	12.6
Artemis Income	12.6
Schroder Income	12.5
Neptune Income	12.4
Veritas Global Income	10.6
iShares S&P 500 ETF	8.6
JO Hambro UK Equity Income	6.1

Top Ten Holdings as at 31 Mar 2009 (%)

Threadneedle UK Equity Alpha Income	11.5
Invesco Perpetual Income	10.9
Neptune Income	10.9
Standard Life UK Equity High Income	10.8
UBS UK Equity Income	10.1
Schroder Income Maximiser	8.0
CF OLIM UK Equity	7.7
Aviva UK Equity Income	6.3
Artemis Income	6.2
Newton Global Higher Income	4.4

Note: As at 31 March 2010 the Fund only held 9 holdings.

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PERFORMANCE

Unit Prices and Revenue

Calendar year	Institutional Income units			Retail Income units		
	Highest price (pence)	Lowest price (pence)	Net revenue distributed per unit (pence)	Highest price (pence)	Lowest price (pence)	Net revenue distributed per unit (pence)
2005	60.44	51.95	1.3500	60.23	51.85	1.3500
2006	69.10	59.10	2.1718	68.61	58.82	2.1659
2007	73.47	64.19	2.3372	72.74	63.31	2.3174
2008	66.78	39.59	2.7643	65.82	38.77	2.7127
2009	50.44	37.92	2.9693	48.97	37.04	2.9008
2010 ²	52.29	47.37	1.2108	50.67	45.94	1.1757

Calendar year	Institutional Accumulation units			Retail Accumulation units		
	Highest price (pence)	Lowest price (pence)	Net revenue accumulated per unit (pence)	Highest price (pence)	Lowest price (pence)	Net revenue accumulated per unit (pence)
2007 ¹	74.32	65.74	1.6946	73.59	64.87	1.6806
2008	68.62	42.56	2.8697	67.62	41.68	2.8212
2009	58.08	41.47	3.2702	56.39	40.51	3.1949
2010 ²	60.99	55.23	1.4000	59.12	53.58	1.3611

¹ With effect from 1 January, Accumulation units were made available for issue by the Fund ² Prices to 31 March and net revenue accumulated to 31 May.

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.

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Dividend Distributions/Accumulations for the Year Ended 31 March 2010

Unit Class	Quarter Ended			
	30 June 2009 (pence per unit)	30 September 2009 (pence per unit)	31 December 2009 (pence per unit)	31 March 2010 (pence per unit)
Institutional Income	0.6662	0.6675	0.6533	0.5575
Retail Income	0.6500	0.6500	0.6349	0.5408
Institutional Accumulation	0.7449	0.7579	0.7518	0.6482
Retail Accumulation	0.7268	0.7381	0.7308	0.6303

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Net Asset Values

Date	Institutional Income units			Retail Income units		
	Total units in issue	NAV per unit (pence)	NAV (£)	Total units in issue	NAV per unit (pence)	NAV (£)
31 Mar 2008	1,788,754	58.09	1,039,162	10,859,447	57.14	6,205,428
31 Mar 2009	1,850,279	39.04	722,260	10,674,954	38.11	4,067,774
31 Mar 2010	2,132,185	51.36	1,095,157	10,642,498	49.76	5,295,972

Date	Institutional Accumulation units			Retail Accumulation units		
	Total units in issue	NAV per unit (pence)	NAV (£)	Total units in issue	NAV per unit (pence)	NAV (£)
31 Mar 2008	2,377,834	60.91	1,448,400	7,172,515	59.92	4,297,885
31 Mar 2009	2,164,847	43.64	944,681	7,428,563	42.61	3,165,100
31 Mar 2010	1,122,548	60.56	679,814	6,131,570	58.69	3,598,779

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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.

OTHER INFORMATION

The Manager

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Authorised and regulated by the Financial Services Authority.

Investment Manager

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Registered to carry out audit work by
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Copies of the Annual and Interim Report and Financial Statements are available on request from the Manager.



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