



T.BAILEY

T. Bailey Growth Fund

Annual Short Report

For the year ended 31 March 2010

Masters of Funds

T. BAILEY GROWTH FUND

INVESTMENT OBJECTIVE & POLICY

The aim of T. Bailey Growth Fund is to provide capital growth over the medium-to-long term and to outperform the IMA Global Growth Sector over rolling three-year periods.

The assets of T. Bailey Growth Fund will predominantly be invested in equities, largely through underlying Regulated Collective Investment Schemes which are themselves invested in UK and international equity markets.

FUND FACTS

Launch date: 13 December 1999

Ex-dividend date: 1 April

Dividend payment date: 31 May

Total Expense Ratios¹

Institutional units – 1.63% p.a.

Retail units – 2.38% 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.

T. BAILEY GROWTH FUND

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	48.06	7.57	53.79	55.14	48.06	(26.58)	(1.04)	4.34	37.01
Retail units	46.95	5.18	48.92	46.35	46.95	(27.13)	(1.77)	3.73	36.49
IMA Global Growth Sector Mean (Total Return) ¹	42.64	7.38	44.92	18.25	42.64	(22.10)	(3.36)	2.64	31.48
FTSE All-Share Index TR ¹	58.34	(0.96)	41.17	28.78	58.34	(31.93)	(8.11)	10.56	28.92
FTSE World (ex. UK) Index TR GBP ¹	47.88	17.15	57.28	29.86	47.88	(19.17)	(2.00)	2.45	31.04
IMA Global Growth Sector Percentile ¹	33	55	40	26	33	78	34	38	23

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

Note: A Retail Accumulation class was created on 17 September 2004. The performance history for the Retail Accumulation class incorporating periods prior to this date is based on the Institutional Accumulation class adjusted for the differing annual management charges at the date of creation (Institutional Accumulation 0.75%; Retail Accumulation 1.25%).

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 GROWTH FUND

The World economy proved much stronger than most economic predictions of a year ago and the immediate need of investors for risk free assets abated considerably. In this environment equity markets made an impressive recovery from their lows of a little over one year ago and highlighted the risks associated with selling out at times of greatest fear – a Sterling based investor selling the World market, as measured by the MSCI World Index (Total Return), would have suffered a 29% fall from the market peak to 31 March 2009 and missed the 45% rebound in the following 12 months.

Reinforcing the strength of the gains in Sterling terms for the major equity regions in which the T. Bailey Growth Fund invests, the table below is enlightening.

Region (Equities)	Index	6 months ended 30 March 2010 (%)	12 months Ended 30 March 2010 (%)
United Kingdom	FTSE All-Share	11.57	58.34
United States	S&P 500	17.89	42.99
Europe (ex. UK)	FTSE Europe (ex. UK)	3.96	52.57
Japan	Topix	11.92	23.31
Pacific Basin (ex. Japan)	MSCI AC Far East (ex. Japan)	14.50	61.64
Emerging Markets	MSCI Emerging Markets	17.34	72.94

Source: T. Bailey, Lipper Hindsight. Total return, Sterling terms. Bid to bid.

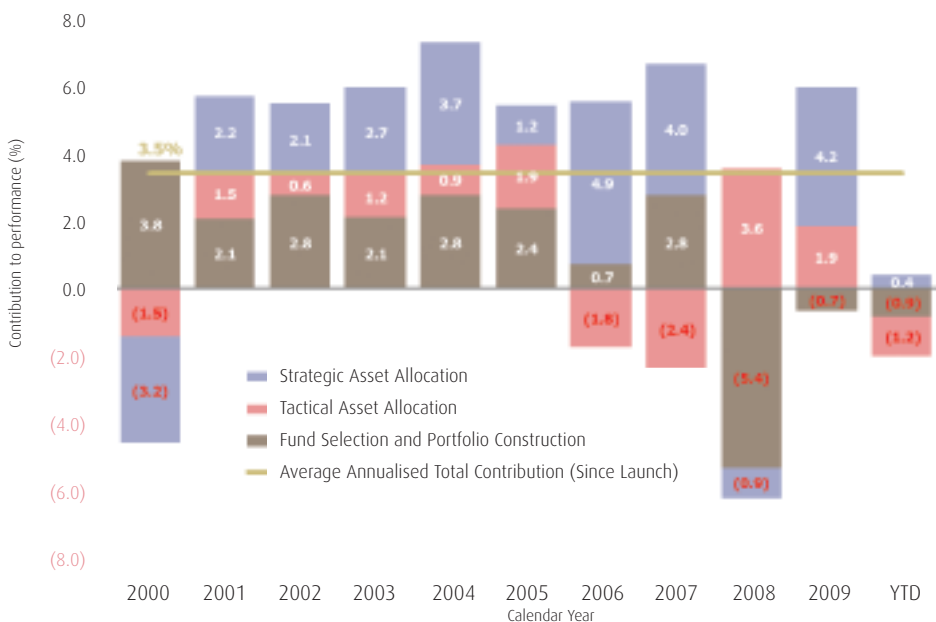
T. BAILEY GROWTH FUND

However, this recovery has not been without volatility and at several stages during the last 12 months markets either paused or pulled back considerably. At T. Bailey we maintained a cautiously optimistic approach through the period, participating in the improving outlook but cognisant of the economic and financial risks still faced. Over the 12 month period the T. Bailey Growth Fund out-performed its benchmark, the IMA Global Growth Sector average by 4.3% (Retail units).

Below we show the performance of the T. Bailey Growth Fund (gross of the annual management charge, but including the fees associated to the underlying investments) against its benchmark, the IMA Global Growth Sector average, and the contribution to performance made by each part of our investment process:

- Strategic Asset Allocation (i.e. choosing a longer-term asset allocation for an exposure to global equities);
- Tactical Asset Allocation (short term movements around the strategic asset allocation); and,
- Fund Selection (the actual choosing of funds and managers we are backing).

Calendar Year Performance Attribution (relative to IMA Global Growth Sector Mean)



Source: T. Bailey, Lipper Hindsight. For the T. Bailey Growth Fund. Total return, Sterling terms. Year to date to 1 April 2010.
 * Includes the charges of the underlying sub funds but excludes the annual management charge for the T. Bailey Growth Fund.

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 GROWTH FUND

THE BENCHMARK

Since the launch of the T. Bailey Growth Fund we have benchmarked the performance of the fund against a bespoke Strategic Asset Allocation based on the performance of a basket of regional equity indices. However, having received feedback from investors that they would prefer us to use a simpler benchmark, and one that is more widely published in order that they can better track the performance of the fund, the benchmark was changed to the IMA Global Growth Sector average on 1 January 2010 following a unitholder vote. This benchmark represents the average performance of funds in the IMA (Investment Management Association) sector in which the Fund resides and therefore is most relevant whilst also fulfils the need for a benchmark to be accessible.

The Strategic Asset Allocation and its construction does, however, remain a fundamental part of our investment process as indeed it has since the fund's launch in 1999. This is simply a change to reflect feedback received from investors as to what they would like performance measured against.

STRATEGIC ASSET ALLOCATION

The Fund adopts a Strategic Asset Allocation for its longer-term positioning and provides permitted ranges for shorter-term tactical movements around this. We formally review this Strategic Asset Allocation on a triennial basis (or more frequently if required). The review is undertaken by T. Bailey's investment team drawing on advice from leading economists and investment professionals where necessary, and takes account of geo-political, economic and market trends.

At the start of the period, on 1 April 2009, we implemented a revised Strategic Asset Allocation. In the table below we show the changes made to this positioning since the launch of the T. Bailey Growth Fund.

History of Strategic Asset Allocation weightings for the T. Bailey Growth Fund

Index	SAA 1	SAA 2	SAA 3	SAA 4
	13 Dec 99 to 31 Jan 03 (%)	01 Feb 03 to 31 March 06 (%)	01 Apr 06 to 31 Mar 09 (%)	01 Apr 09 to present (%)
FTSE All-Share	50.0	50.0	40.0	25.0
S&P 500	17.5	20.0	15.0	25.0
FTSE Europe (ex. UK)	17.5	10.0	15.0	15.0
Topix	10.0	5.0	7.5	7.5
MSCI AC Far East (ex. Japan)	5.0	5.0	7.5	10.0
MSCI Emerging Markets	-	10.0	15.0	17.5
	100.0	100.0	100.0	100.0

Source: T. Bailey. Total return, Sterling terms.

T. BAILEY GROWTH FUND

The principal change at the start of the period was to reduce the weighting to UK equities, a region which faces a particularly difficult set of headwinds over the coming years as a result of heavy Government and personal indebtedness. We retained a 25.0% weighting principally to reflect the Sterling liabilities of the fund's unitholders. Conversely, we extended our long-term pro-emerging markets bias, increasing the Strategic Asset Allocation to 17.5% in recognition that the fundamental weakness of the developed world will accelerate the ongoing transfer of power to the East.

TACTICAL ASSET ALLOCATION

With the introduction of the revised Strategic Asset Allocation our Tactical Asset Allocation positions were more muted towards the start of the period and we maintained small underweight positions to North America and Europe in favour of the Asia Pacific (ex Japan) and Emerging Market regions.

By the end of the period however we had rotated the tactical positioning of the fund towards the developed markets of North America and later cycle equities such as Japan. In the case of the latter our position was predicated on putting in place a hedge to remove the currency risk associated with a region in which we believe further loosening of monetary policy and a weaker currency is inevitable. To date this has not worked but the shorter-term strengthening of the Japanese Yen only reinforces our level of conviction of its likely longer-term decline and highlights the patience needed at times when holding strong market views.

The weighting to the Asia Pacific and Emerging Markets regions was significantly reduced, taking profits from these regions on signs that the post crisis rally was becoming over-stretched.

Weighting to specific themes outside of the regions of the Strategic Asset Allocation were also positive for the Fund during the period. Holdings in natural resources and technology equities most notably contributed to performance, whilst a shorter held position in soft commodities did not.

FUND SELECTION

Holdings in the Vanguard US Opportunities, BlackRock European Dynamic and Standard Life UK Equity Recovery Funds were notable performers in their regions. However, it remained evident to us that many active management strategies were still facing difficulties and thus we continued to make use of passive vehicles where we considered appropriate.

The recent fall-off in the number of funds outperforming their respective indices has been a headwind for the fund, and indeed for many funds of funds, over recent times but we remain confident that active management is beginning to add value again and will do well over the remainder of 2010 and beyond.

T. BAILEY GROWTH FUND

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.

There is a distinct widening of fiscal and monetary policies between governments. Some are raising their central bank rates while others are tightening monetary policy more subtly. As well as those taking swift action to tighten policy there are a large number of ditherers where loosening has stopped but the policy makers are unsure whether they should now tighten.

Ironically many of the emerging market economies have much stronger finances with less debt, more output and a growing population of working age. We remain strategically overweight to emerging markets even if in the short term we feel that they have got ahead of themselves. In the developed markets concerns about the strength of countries' own balance sheets are again undermining confidence and equity markets. Just as in March 2009 we are cognisant of the risks of missing strong returns as fear turns to greed.

We feel that an active, flexible approach to asset allocation that can react to the changing circumstances is a sensible way of investing and why fund of funds will continue to reward long-term investors. The investment approach we first laid down at the end of the last century continues to work and we remain confident it will navigate us through the current short-term noise just as it has done in the past.



Jason Britton
Fund Manager
15 July 2010

T. BAILEY GROWTH FUND

TOP TEN HOLDINGS

Top Ten Holdings as at 31 March 2010 (%)

Legal & General US Index	11.9
Vanguard US Opportunities	6.4
GLG Japan CoreAlpha	6.1
iShares S&P 500 ETF	5.9
Majedie UK Equity	5.5
JOHCM UK Opportunities	5.4
Invesco Perpetual Income	5.2
M&G Global Basics	5.1
Neptune European Opportunities	5.0
Blackrock European Dynamic	4.4

Top Ten Holdings as at 31 March 2009 (%)

Legal & General US Index	10.0
iShares FTSE 250 ETF	8.2
DB X-Trackers MSCI Emerging Markets ETF	6.1
Martin Currie North America	5.6
Vanguard US Opportunities	5.1
GLG Japan CoreAlpha	5.0
JOHCM UK Opportunities	4.8
iShares MSCI Europe ex-UK ETF	4.6
First State Asia Pacific	4.6
Newton Oriental	4.3

T. BAILEY GROWTH FUND

PERFORMANCE

Although the Fund has the power to issue both income and accumulation units, as at 31 March 2010 only accumulation units were available to investors.

Unit Prices and Revenue

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)
2005	59.44	48.97	0.3540	65.12	53.72	0.0725
2006 ³	71.26	59.26	0.3306	77.87	63.44	0.0897
2007	81.01	68.88	0.0732	87.67	74.91	-
2008	79.22	49.03	-	85.38	52.67	-
2009 ²	73.11	47.58	0.1168	77.85	50.97	-
2010 ¹	77.74	68.85	0.3416	82.63	73.23	-

Net Asset Values

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	170,739,012	71.09	121,382,869	52,413,532	76.70	40,198,951
31 Mar 2009	173,477,020	52.13	90,434,251	63,060,065	55.82	35,200,253
31 Mar 2010	147,380,874	77.12	113,662,269	61,788,238	81.97	50,644,806

¹ Prices to 31 March and net revenue accumulated to 31 May. On 1 January 2010 the benchmark was adjusted following review.

² On 1 April 2009 the benchmark was adjusted following review.

³ On 1 April 2006 the benchmark was adjusted following review.

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 GROWTH 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.

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
Website: www.tbailey.co.uk

Authorised and regulated by the Financial Services 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 Services Authority.

Trustee

The Royal Bank of Scotland plc
Trustee & Depository Services
Ground Floor
15 Bishopsgate
London EC2P 2AP

Authorised and regulated by the
Financial Services Authority.

Auditors

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

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

Copies of the Annual and Interim Report and Financial Statements are available on request from the Manager.



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 Services Authority. Registered in England & Wales No: 3720363.
