



T.BAILEY

T. Bailey Growth Fund

Annual Short Report

For the year ended 31 March 2011

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 Sector over rolling three-year periods.

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

The Fund will invest largely in UK and global equity funds in order to achieve its objective and typically the managers anticipate at least 80% of the fund to be invested in this way. The remaining part of the portfolio (typically not more than 20%) may be invested in other assets as permitted by the Sourcebook in order to achieve its objective. These assets will include transferable securities, warrants and partly paid securities, money market instruments and deposits, as well as collective investment schemes.

It should be noted that whilst the underlying funds may have a geographical focus the managers of those funds may choose from time to time to allocate parts of their funds to a different region (provided such action is in line with the investment powers afforded to the managers of those funds).

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

Cash and near cash are held as necessary to enable redemption of units, efficient management within the scheme objectives, and other ancillary purposes. Apart from cash held for these purposes, or within the underlying funds, the Fund will normally be fully invested.

FUND FACTS

Launch date:	13 December 1999
Ex-dividend date:	1 April
Dividend payment date:	31 May
Total Expense Ratios¹	
	Institutional units – 1.62% p.a.
	Retail units – 2.37% p.a.

¹ To 31 March 2011. 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.

CHANGE OF FUND MANAGER

On 28 March 2011 Elliot Farley and Richard Martin became joint Fund Managers of the T. Bailey Growth Fund replacing Jason Britton.

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FUND MERGER

The unitholders of the T. Bailey Equity Income Fund ('TBEIF') voted at a meeting of unitholders by extraordinary resolution on 22 December 2010 for the net assets of TBEIF to be transferred to the T. Bailey Growth Fund. This took place on 21 January 2011 in accordance with the Scheme of Arrangement.

INVESTMENT REVIEW

Performance	Cumulative returns for the periods ended 31 March 2011 (%)				Discrete returns for the 12 month periods ended 31 March (%)				
	1 year	3 years	5 years	From launch	2011	2010	2009	2008	2007
Institutional units	5.79	14.99	18.74	64.12	5.79	48.06	(26.58)	(1.04)	4.34
Retail units	5.01	12.44	14.57	53.68	5.01	46.95	(27.13)	(1.77)	3.73
IMA Global Sector Mean (Total Return) ¹	7.46	18.94	17.46	26.02	7.46	44.22	(23.26)	(3.85)	2.71
FTSE All-Share Index TR ¹	8.72	17.02	19.99	40.63	8.72	52.30	(29.33)	(7.74)	11.15
FTSE World (ex. UK) Index TR GBP ¹	8.24	28.51	28.92	40.34	8.24	46.76	(19.10)	(1.87)	2.23
IMA Global Sector Quartile ¹	4	4	3	2	4	2	4	2	2

¹ Source: T. Bailey, Lipper Hindsight. Total return, bid to bid.

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

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Global equities continued their recovery from the lows reached a little over two years ago in the wake of the financial crisis. Since then Sterling based investors have seen an increase in global equity markets of over 80% including 8.2% in the last 12 months. The table below shows recent returns for the major equity regions in which the T. Bailey Growth Fund invests.

Region (Equities)	Index	6 months ended 31 March 2011 (%)	12 months ended 31 March 2011 (%)
United Kingdom	FTSE All-Share	8.48	8.72
United States	S&P 500	14.99	8.79
Europe (ex. UK)	FTSE Europe (ex. UK)	10.61	7.48
Japan	Topix	5.13	(3.16)
Pacific Basin (ex. Japan)	MSCI AC Far East (ex. Japan)	7.55	14.31
Emerging Markets	MSCI Emerging Markets	7.68	12.10

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

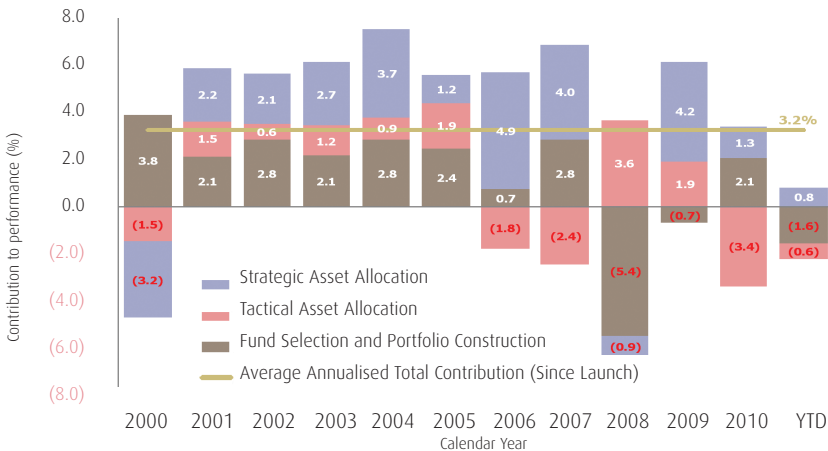
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Although the period of recovery has seen respectable returns for equity investors it has not been without volatility along the way. In the opening months of the period global equity markets pulled back considerably, falling 12.9% as measured by the FTSE World Index. This was in the midst of a European sovereign debt scare as Greece in particular went close to the brink. Given recent news flow on Greece re-profiling its debts one could be forgiven for thinking little has changed since then. But the intervening period has seen significant market intervention by the US Federal Reserve in the form of quantitative easing, followed by conflict in the Middle East and an earthquake in Japan.

Over the 12 month period the T. Bailey Growth Fund Retail units returned 5.01%. Below we show the calendar year 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 Sector, 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



Source: T. Bailey, Lipper Hindsight. For the T. Bailey Growth Fund. Total return, Sterling terms. Year to date to 1 April 2011.

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.

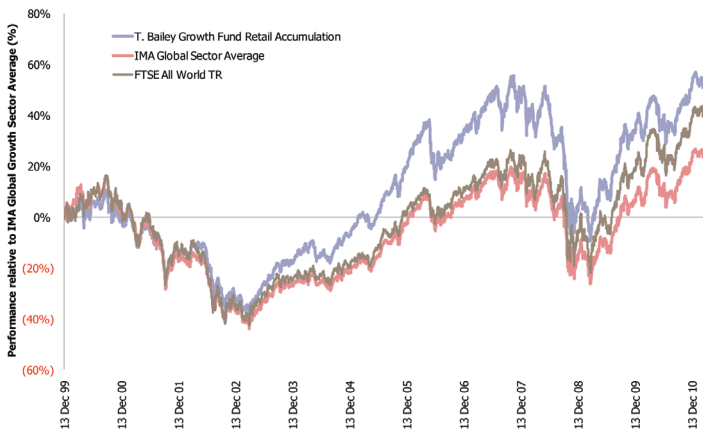
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THE BENCHMARK

At the beginning of 2010 we formally changed the benchmark of the T. Bailey Growth Fund to the IMA Global Growth Sector Average having received feedback from investors that they would prefer us to use a more simple benchmark, and one that is more widely published in order that they can better track the performance of the fund.

On 1 January 2011 the Investment Management Association (IMA) re-named this sector the IMA Global Sector. We show the performance since launch of the T. Bailey Growth Fund against the IMA Global Sector Average below. For completeness we also include the FTSE All-World Index, a broad based global equity index.

Performance Since Launch



Source: T. Bailey, Lipper Hindsight. For the T. Bailey Growth Fund. Total return, 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.

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.

In the table on the next page we show the changes made to this positioning since the launch of the T. Bailey Growth Fund.

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

Index	SAA 1 13 Dec 99 to 31 Jan 03 (%)	SAA 2 01 Feb 03 to 31 March 06 (%)	SAA 3 01 Apr 06 to 31 Mar 09 (%)	SAA 4 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.

Through the sequence of revisions we have increased the exposure of the fund to equities in the emerging market regions where we maintain a strong exposure relative to our peers. We believe that this bias to emerging economics is as relevant today as it was in 2003 when it was first introduced.

TACTICAL ASSET ALLOCATION

While we have spent much of the last decade extolling the virtues of the longer-term outlook for emerging markets, during the period we found that the growth outlook for the region in the shorter-term looked less rosy in the light of burgeoning inflation fears. This resulted in us taking an underweight allocation to the region while maintaining an overweight position in 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.

FUND SELECTION

Holdings in the Liontrust Special Situations, BlackRock European Dynamic and AXA Framlington American Growth 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 them appropriate.

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The asset allocations at the balance sheet date are shown below:

Sector	Asset allocation as at 31 March 2011 (%)	Asset allocation as at 31 March 2010 (%)
United Kingdom	24.3	19.2
United States	27.6	30.0
Europe (Ex. UK)	14.7	13.6
Japan	9.9	11.4
Pacific Basin (Ex. Japan)	10.0	5.6
Emerging Markets	10.3	12.5
Other	2.5	5.0
Forward Currency Contracts	-	(0.5)
Cash	0.7	3.2
	100.0	100.0

OUTLOOK

While many risk assets look good value relative to cash there are also numerous factors that could see volatility continue. Inflation in emerging markets, already well established, could really take off; central banks and governments could make significant policy mistakes; turmoil in the Middle East could escalate, leading to further oil price increases that derail global growth and of course we could see more problems from the European sovereign debt crisis.

Despite these risks, global growth continues ahead of long-term trend while at the same time for many nations inflation still remains below its long-term average. The situation represents a fine line for central banks to navigate - between continuing to encourage growth and controlling inflationary pressures. The UK, Europe and the US have each adopted different approaches to this challenge.

Inevitably, at some stage interest rates will rise in the UK and US, from the current abnormal levels and they have further to rise in Europe. This, along with the continuing risk of sovereign debt crises, particularly in Europe, encourages us to look unfavourably on many areas of fixed income.

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We believe there is a strong case for arguing that dangers of inflation in the emerging markets region have now been recognised. Agricultural commodity prices have come off recently as the effects of the second round of US quantitative easing have subsided. Food costs represent a big proportion of emerging market consumer spending and this tapering off should help, in time, to take the heat out of the inflation 'pain' in many such countries.

That, coupled with the fact that China has swiftly and aggressively sought to manage inflation concerns, leads us to believe that the rotation out of emerging market equities since the second half of last year may have run its course. Returns from Chinese equities tend to be a story of feast or famine and the region could fare better than many first believed earlier in the year.



Elliot Farley
Fund Manager
12 July 2011

Equity markets have moved on significantly from their lows yet there certainly do remain opportunities within the asset class that good active managers can take advantage of and while policy setters continue to follow inflationary strategies we continue to favour real assets including equities.

TOP TEN HOLDINGS

Top Ten Holdings as at 31 March 2011 (%)

Blackrock European Dynamic	8.3
GLG Japan Core Alpha	7.7
Blackrock UK Equity	7.4
Liontrust Special Situations	7.3
Standard Life UK Equity Recovery	7.2
Schroder US Mid Cap	6.7
iShares S&P 500 ETF	6.7
Vanguard US Opportunities	6.5
Legal & General European Index	6.4
HSBC Pacific Index	5.1

Top Ten Holdings as at 31 March 2010 (%)

Legal & General US Index	11.9
Vanguard US Opportunities	6.4
GLG Japan Core Alpha	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

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PERFORMANCE

Although the Fund has the power to issue both income and accumulation units, as at 31 March 2011 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)
2006	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	73.11	47.58	0.1168	77.85	50.97	-
2010	82.99	68.48	0.3416	87.71	72.64	-
2011 ¹	83.79	77.71	0.1050	88.54	82.00	-

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 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
31 Mar 2011	147,406,777	82.16	121,115,799	64,705,049	86.68	56,084,478

¹ Prices to 31 March and net income 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 income derived from them is not guaranteed and may go down as well as up.

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RISK PROFILE

Please remember that investments in the T. Bailey Funds are subject to global financial market fluctuations and other risks inherent in such investments. Changes in exchange rates between currencies may cause the value of your investment to increase or diminish. The manager may enter into derivative transactions for efficient portfolio management purposes (including hedging). The value of your investments and the revenue derived from them can go down as well as up and you may not get back the money you invested. Past performance is not a reliable indicator of future results. 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 in the T. Bailey Funds as medium-to-long term

OTHER INFORMATION

The Manager

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Website: www.tbailey.co.uk

Authorised and regulated by the Financial Services Authority.

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Authorised and regulated by the Financial Services Authority.

Trustee

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Accountants in England and Wales.

Previous Auditors

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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.



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