



T.BAILEY

T. BAILEY GROWTH FUND

Interim Short Report

For the six month period ended 30 September 2009

T. BAILEY GROWTH FUND

INVESTMENT OBJECTIVE & POLICY

The aim of the T. Bailey Growth Fund is to provide capital growth over the medium-to-long term and to outperform the benchmark (see Investment Review for details) by over 1% p.a. after all charges over rolling three year periods.

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: 13 December 1999

Ex-dividend date: 1 April

Income accumulation date: 31 May

Total Expense Ratios¹

Institutional units	-	1.48%
Retail units	-	2.23%

¹ To 31 March 2009. 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 30 September 2009 (%)				Discrete returns for the 12 month periods ended 30 September (%)				
	6 months	1 year	3 years	5 years	2009	2008	2007	2006	2005
Institutional units	33.17	12.42	7.87	54.02	12.42	(19.96)	19.88	8.82	31.21
Retail units	32.67	11.59	5.53	49.46	11.59	(20.58)	19.07	8.31	30.76
Fund Benchmark (see benchmark details below)	36.25	17.99	9.62	54.98	17.99	(22.04)	19.18	12.07	26.16
FTSE All-Share Index TR ¹	41.92	13.15	(2.96)	38.68	13.15	(23.68)	12.38	14.84	24.44
FTSE World (ex. UK) Index TR GBP ¹	29.56	15.84	9.03	46.11	15.84	(17.52)	14.13	8.49	23.52
IMA Global Growth Sector Quartile ¹	2	2	1	1	2	2	1	4	1

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 29 September.

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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The pace of the turnaround in equity markets through the last 6 months ended 30 September 2009 has been startling but perhaps only, in a historic context, as startling as the sharp falls we saw 12 months ago.

The extent of the gains in Sterling terms for the major equity regions in which the T. Bailey Growth Fund invests is shown in the table and chart below.

Region (Equities)	Index	Six months ended 30 September 2009 (%)
United Kingdom	FTSE All-Share	41.92
United States	S&P 500	21.29
Europe ex. UK	FTSE Europe ex. UK	46.77
Japan	Topix	10.18
Pacific Basin ex. Japan	MSCI AC Far East ex. Japan	41.17
Emerging Markets	MSCI EM (Emerging Markets)	47.38

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

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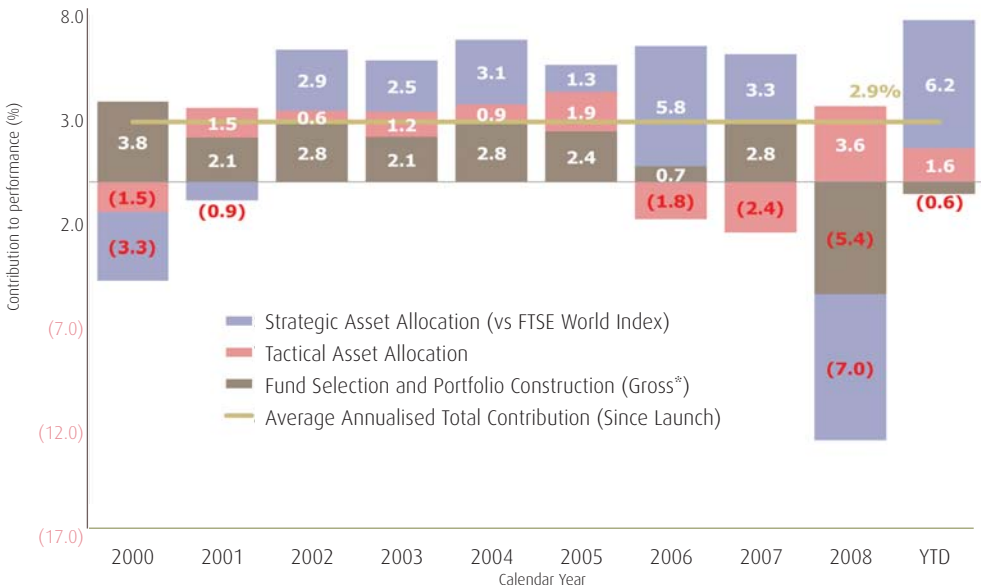
Not that it has been plain sailing and without its ups and downs along the way. At T. Bailey we remained cautiously optimistic through the period, participating in the improving outlook but cognisant of the economic and financial risks still faced. Indeed, many thought that equity markets had run out of steam during May and into June, when they paused for breath. Yet they recovered at pace in July and continued their onward and upward trend through August and September.

Through this period, the T. Bailey Growth Fund outperformed the FTSE World Index and the IMA Global Growth sector average. However the Fund underperformed its strategic asset allocation benchmark.

Below we show the longer term performance of the T. Bailey Growth Fund (gross of the annual management charge, but including the fees associated to the underlying investments) against the FTSE World Index and the contribution to performance made by each part of our investment process:

- Strategic Asset Allocation (i.e. the choosing of the benchmark);
- Tactical Asset Allocation (short term movements around the benchmark); 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. Year to date to 1 October 2009.

* Includes the charges of the underlying sub funds but excludes the annual management charge for the T. Bailey Growth Fund.

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Tactical Asset Allocation

The Fund adopts a benchmark for asset allocation and provides permitted ranges for shorter-term tactical movements around this benchmark. The benchmark is formally reviewed 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 we implemented a revised benchmark having obtained the support of unitholders. The new and old benchmarks are shown in the table below.

History of strategic benchmark weightings for the T. Bailey Growth Fund

Index	Benchmark 1	Benchmark 2	Benchmark 3	Benchmark 4
	13.12.99 to 31.01.03	01.02.03 to 31.03.06	01.04.06 to 31.03.09	01.04.09 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 EM (Emerging Markets)	0.0%	10.0%	15.0%	17.5%
	100.0%	100.0%	100.0%	100.0%

Source: T. Bailey.

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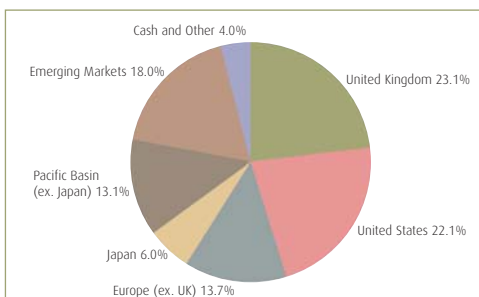
The principal change was to reduce the weighting to UK equities, a region which faces a particularly difficult set of headwinds over the coming years as a result of heavy Government and personal indebtedness. Conversely, we extended our long-term pro-Emerging Markets bias, increasing the strategic asset allocation to 17.5% in recognition that the fundamental weakness of the developed world will accelerate the ongoing transfer of power to the East.

With the introduction of a revised benchmark our tactical asset allocation positions were more muted during the period. We maintained small underweight positions to North America and Europe in favour of the Pacific Basin (ex Japan) and Emerging Market regions. These contributed to the 0.4% added from the tactical asset allocation for the 6 months ended 30 September 2009.

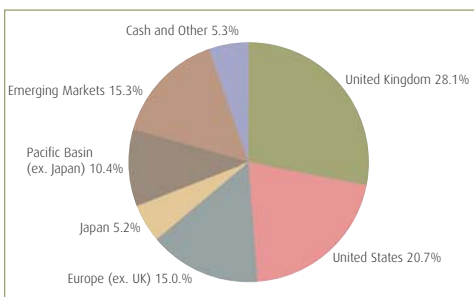
Furthermore, a non-benchmark weighting to resources through the JPM Natural Resources Fund contributed to performance.

The actual asset allocations at the period end are shown below and reflect more short-term tactical views around the benchmark:

Asset Allocation as at 30 September 2009



Asset Allocation as at 31 March 2009



Fund Selection

As we progressed through the period and as markets became more optimistic and fear abated, some normality returned to this part of our investment process. Holdings in the Vanguard US Opportunities, BlackRock European Dynamic and Standard Life UK Equity Recovery Funds were notable performers. However, the difficulties facing active managers through the period were still evident and it was holdings in passive funds such as the iShares FTSE 250 ETF and iShares MSCI Brazil ETF which proved the typically stronger performers in their respected regions within the portfolio.

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Outlook

The world has come a long way from the overwhelming fear that dominated capital markets less than a year ago. Much of this follows from the swift action taken by governments globally. Furthermore there has been the anticipation of a return to more favourable, or at least more respectable, economic conditions which have, in many areas, stabilised or even showed signs of a marginal improvement.

But we are certainly not out of the woods just yet. The cost to governments around the globe has been immense and they have used every tool at their disposal, tested or untested, to bring about the current air of stability.

However, the root causes of the current financial woes have yet to be properly addressed and the real hard work and policies that are sorely needed have yet to be done. Western governments have taken onboard a mountain of corporate debt and backed it with their nation's reputations. Further, in the short-term at least, they have been the spenders of the last resort in an effort to kick start their economies.

Nevertheless, as a whole, the western nations remain just as indebted as they were heading into the financial crisis but now with lower levels of economic output. The cost of the stimuli put in place by western governments has been great. These factors are burdens and risks to future growth as are the western governments' more recent realisations that they need to restrain and cut their levels of spending.

To this end measures such as quantitative easing, an abstract form of printing money, have had their obvious attractions, but they are not a free-ride. If all goes well, they are perhaps just a more palatable way for western governments to address the global imbalances that have led us to today's economic climate. In the meantime emerging market economies look better positioned relative to western nations while the very same western nations continue in their game of competitive devaluation.

Such themes are very close to our hearts at T. Bailey and contribute to our longer-term pro-Emerging Markets stance. Currently 31.1% (30 September 2009) of the T. Bailey Growth Fund is invested in the Pacific Basin (ex Japan) and Emerging Market regions, significantly greater than the typical exposure to these regions in a global equity portfolio. It is here that we seek to capture the longer-term effects of the drain of power from the West to the East as some of the global imbalances unwind.



Jason Britton
Fund Manager
17 November 2009

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TOP TEN HOLDINGS

Top Ten Holdings as at 30 September 2009 (%)

DB X-Trackers MSCI Emerging Markets ETF	7.7
iShares FTSE 100 ETF	7.0
Legal & General US Index	6.9
GLG Japan CoreAlpha	6.0
Neptune European Opportunities	5.9
Veritas Asian	5.6
Vanguard US Opportunities	5.2
Fidelity South East Asia	5.2
Martin Currie North America	5.1
Majedie UK Equity	5.0

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

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PERFORMANCE

Although the Fund has the power to issue both income and accumulation units, as at 30 September 2009 only accumulation units were available to investors.

Unit Prices and Income

Calendar year	Institutional Accumulation units			Retail Accumulation units		
	Highest price (pence)	Lowest price (pence)	Net income accumulated per unit (pence)	Highest price (pence)	Lowest price (pence)	Net income accumulated per unit (pence)
2004 ¹	49.03	41.99	0.2152	53.85	51.89	-
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	67.77	52.05	0.1168	74.43	55.74	-

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 2007	131,006,679	72.29	94,703,183	67,756,177	78.58	53,244,260
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
30 Sep 2009	173,035,243	69.54	120,332,704	59,958,706	74.43	44,626,388

¹ With effect from 17 September Retail Accumulation units were made available for issue by the Fund.

² Prices to 30 September and net income accumulated to 30 November. 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 income derived from them is not guaranteed and may go down as well as up.

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RISK PROFILE

Please remember that both the price of units and the income 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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Auditors

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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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