



Evenlode Income

Annual Short Report

For the year ended 28 February 2015

EVENLODE INCOME

INVESTMENT OBJECTIVE & POLICY*

The investment objective of Evenlode Income is to produce attractive long-term total returns, with an emphasis on income.

The fund will invest predominantly in the equity securities of companies listed in the United Kingdom, with the balance invested in the equity securities of companies listed internationally and cash (or near cash securities). The fund may also invest in fixed income securities, collective investment schemes and derivatives for the purpose of efficient portfolio management from time to time. The fund manager aims to invest in a focused portfolio of shares offering a combination of high and growing cash-flows (to deliver both capital growth and dividend growth for the fund) and low business risk. The manager will undertake fundamental analysis to identify shares in companies that offer this combination.

**Please note that the investment policy was amended on 27 April 2015. Please see 'changes to the fund' section below for more details.*

FUND FACTS

Launch date: 19 October 2009

Ex-dividend dates: 1 June, 1 September, 1 December, 1 March

Dividend payment dates: 31 July, 31 October, 31 January, 30 April

Synthetic Risk and Reward Indicator Ranking¹: 5

Ongoing Charges Figure²

B Shares - 0.95% p.a.

A Shares - 1.45% p.a.

¹ As calculated in accordance with ESMA guidelines. It is based on historical data and uses a scale of 1 to 7. The higher the rank the greater the potential reward but the greater the risk of losing money.

² To 28 February 2015. As calculated in accordance with ESMA guidelines. The Ongoing Charge Figure ('OCF') includes annual management charges ('AMCs') and other operating expenses (Depositary's fee, audit fee etc).

CHANGES TO THE FUND

On 22 April 2014, the daily pricing point for the fund was changed to 12pm from 8am. The new time brings the fund into line with many other funds in the fund management industry.

On 27 April 2015 the Fund's Investment Policy was amended slightly. On this date the following sentence was removed: 'The fund manager aims to invest in a focused portfolio of shares in approximately 20-30 companies offering a combination of high and growing cash-flows (to deliver both capital growth and dividend growth for the Fund) and low business risk.' This has now been replaced with the following sentence: 'The fund manager aims to invest in a focused portfolio of shares offering a combination of high and growing cash-flows (to deliver both capital growth and dividend growth for the fund) and low business risk.'

EVENLODE INCOME

Also on 27 April 2015 the Fund introduced a periodic charge equivalent to the ongoing charges figure. From this date the Annual Management Charge and Ongoing Charges Figure for each share class will be capped at the following rates; B shares 0.95% p.a. and A shares 1.45% p.a.

On 30 April 2015 the Fund launched two new share classes; C Income and C Accumulation.

INVESTMENT REVIEW

Performance	Cumulative returns for the periods ended 28 February 2015 (%)			
	1 year	3 years	5 years	From launch ²
Evenlode Income Fund - B Shares ¹	13.42	56.24	104.40	109.47
Evenlode Income Fund - A Shares ¹	12.89	53.93	99.34	103.96
IA UK Equity Income Sector Mean	6.57	46.69	75.13	77.59

¹Performance based on income shares. ²From 19 October 2009.

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 shares and the revenue derived from them is not guaranteed and may go down as well as up.

The twelve months under review saw a pick-up in volatility for global stock markets. Uncertainty was particularly high in the second half of 2014, with a sharp sell-off in October triggered by worries over slowing global economic growth (particularly in Europe and China) and geopolitical uncertainty (most notably in Russia). Following this sell-off, however, markets recovered strongly and ended the period in positive territory.

We focus on inherently cash generative businesses with a low capital intensity. This means they tend to be good at growing their cash flows while simultaneously distributing a healthy, growing dividend stream to shareholders. On this note, we are pleased to report a full year dividend increase of +12.4% for the fund (B Income shares). Healthy underlying growth and a special dividend from the fund's holding in Compass Group both contributed to the rise in this year's distribution. Looking ahead, our ambition to provide sustainable real dividend growth remains central to our approach.

In terms of total return (i.e. the combined return from dividends and capital performance) the fund had another positive year, with Evenlode B Income shares rising +13.4%. This compared to a rise of +6.6% for the IA UK Equity Income Sector. Since the fund's launch (19th October 2009) Evenlode B Income shares have risen +109.5%, compared to a rise of +77.6% for the IA UK Equity Income Sector.

The largest positive contributors to the fund's return were Pearson and Unilever. Pearson has undergone a significant restructuring programme in the last two years as it moves from physical publishing towards a more digital-orientated business model. This process has incurred up-front costs and some internal disruption, but updates in recent months have been reassuring. Pearson remains a significant holding. The company's market leading position in global education offers interesting long-term potential, and the share currently trades on a dividend yield of more than 4%, which is well supported by free cash flow. Unilever, the fund's largest

EVENLODE INCOME

holding, recovered after a poor period of performance in the prior year that was triggered by a slowdown in emerging market growth. We remain very attracted to this well diversified portfolio of global brands selling repeat-purchase products from ice cream to shampoo. I would note that the volatility in Unilever's share price over recent years has been far greater than the underlying fundamental performance, which has ticked along in a steady manner, as has dividend growth. Other positive contributors of note included Imperial Tobacco, Reckitt Benckiser and Reed Elsevier.

Negative contributors included GlaxoSmithKline and Jardine Lloyd Thomson. Glaxo had a tough year. Sales from two of its older therapies fell more than expected due to pricing dynamics in the US market, while an investigation into its Chinese business led to a significant fine. These difficulties have impacted short-term performance, but we have retained the fund's position in Glaxo as we think the group should ultimately emerge as a stronger, more focused business. Its pipeline of new therapies is healthy and a growing portion of the group's sales (nearly 50% once its proposed transaction with Novartis closes) will come from its stable, market leading consumer healthcare and vaccine franchises. These fundamentals should drive improving cash flow over the coming decade. The current dividend yield is more than 5%.

Insurance broker Jardine Lloyd Thompson's shares weakened after it announced it is making a significant investment in the expansion of its US business: negative for earnings in the next couple of years but positive for long-term growth prospects. In a world which sometimes tends toward myopia, it is good to see Jardine take this long-term view. The only other negative contributors of note were Amec Foster Wheeler and Smiths Group. Both are engineering companies that sell a portion of their products and services to the oil industry, a sector that has been significantly impacted by the sharp fall in the oil price over the last year.

We are long-term investors and therefore changes we make to the portfolio tend to be incremental. During the period several larger, more stable businesses continued to perform extremely well, and valuations became less attractive. Reflecting this trend, we sold our holdings in Novartis and Smith & Nephew, and significantly reduced our holdings in Reckitts, SABMiller, Reed Elsevier and Compass. We used the proceeds to add some new holdings to the fund (including Informa, Spectris, IMI, Paypoint, PZ Cussons, MITIE, Sanofi and Wolters Kluwer) as well as adding significantly to several existing holdings on share price weakness (such as Domino Printing). These companies all fulfil our quality criteria, and offer good potential for long-term dividend growth. But they have been out of fashion recently for various reasons, which has improved valuations. Several of the names in the list are smaller business models - it has been nice to return to this area of the market more meaningfully again.

OUTLOOK

The structural economic picture remains tough, as demonstrated by the recent 2014 final results season. There are pockets of strength in the global economy (such as the US) but deflationary pressures remain high overall, particularly in Europe and several emerging markets such as China and Brazil. Revenue growth is commensurately tough to come by (as it has been, in fact, since the 2008/9 crisis).

Our view on the macro-economic environment is that uncertainty and complexity is the normal state of affairs. We therefore aim to insulate the portfolio from potential developments by focusing on resilient businesses. We are reassured by the fact that portfolio dividends are supported by products that society tends to habitually want and/or need: vaccines, toothpaste, shampoo, ice cream, soft drinks, beer, accountancy software, academic journals, mission-critical engineering products etc. These products have lasting appeal and a low risk of obsolescence. Many of them are also low ticket items and repeat-purchase in nature.

EVENLODE INCOME

Meanwhile, valuations have risen significantly during the strong market of the last five years. This means that the potential returns on offer from shares are not as attractive as they were back then, and we are very conscious of this fact. However, we think reasonable long-term returns remain available for the selective and (most importantly) patient investor. It is still possible to assemble a portfolio of sensible, high quality companies trading on yields of 3-4% with good long-term potential for dividend growth.

Ben and I are committed to pursuing our investment approach over the long-term, and will continue to work hard on retaining an attractive balance of quality, resilience and value in the portfolio. We are also pleased to welcome Chris Elliott to the team, who joined us as an investment analyst in March 2015.

We look forward to updating you on progress over the years to come.



Hugh Yarrow
Fund Manager
16 June 2015

TOP TEN HOLDINGS

Top Ten Holdings as at 28 February 2015	(%)	Top Ten Holdings as at 28 February 2014	(%)
Unilever	7.1	Unilever	9.1
Diageo	6.1	GlaxoSmithKline	8.6
GlaxoSmithKline	5.9	Reckitt Benckiser	6.5
AstraZeneca	5.9	Diageo	6.1
Pearson	5.2	Sage Group	6.0
Sage Group	5.2	Imperial Tobacco	4.8
Imperial Tobacco	4.6	Reed Elsevier	4.8
British American Tobacco	3.9	Smith & Nephew	4.6
Johnson & Johnson	3.3	Jardine Lloyd Thompson	4.2
Procter & Gamble	3.3	Compass Group	3.8

EVENLODE INCOME

PERFORMANCE

B Income Shares	1 Mar 2014 to 28 Feb 2015 (pence per share)	1 Mar 2013 to 28 Feb 2014 (pence per share)	1 Mar 2012 to 28 Feb 2013 (pence per share)
Change in net assets per share			
Opening net asset value per share	155.77	138.18	121.53
Return before operating charges*	22.43	24.82	23.24
Operating charges	(1.51)	(1.66)	(1.57)
Return after operating charges*	20.92	23.16	21.67
Distributions on income shares	(6.27)	(5.57)	(5.02)
Closing net asset value per share	170.42	155.77	138.18
*after direct transaction costs of:	1.22	0.59	0.68
Performance			
Return after charges	13.43%	16.76%	17.83%
Other Information			
Closing net asset value	£230,663,365	£27,172,843	£12,148,042
Closing number of shares	135,346,122	17,443,347	8,790,595
Operating charges (p.a.)	0.95%	1.12%	1.25%
Direct transaction costs (p.a.)	0.76%	0.39%	0.54%
Prices			
Highest published share price	172.43	158.50	141.25
Lowest published share price	147.86	138.25	115.21

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

EVENLODE INCOME

B Accumulation Shares	1 Mar 2014 to 28 Feb 2015 (pence per share)	1 Mar 2013 to 28 Feb 2014 (pence per share)	1 Mar 2012 to 28 Feb 2013 (pence per share)
Change in net assets per share			
Opening net asset value per share	184.21	157.54	133.24
Return before operating charges*	26.96	28.59	26.05
Operating charges	(1.84)	(1.92)	(1.75)
Return after operating charges*	25.12	26.67	24.30
Closing net asset value per share	209.33	184.21	157.54
Retained distributions on accumulation shares	7.50	6.43	5.58
*after direct transaction costs of:	1.46	0.68	0.76
Performance			
Return after charges	13.64%	16.93%	18.24%
Other Information			
Closing net asset value	£46,482,840	£17,083,663	£9,212,634
Closing number of shares	22,205,834	9,273,874	5,847,726
Operating charges (p.a.)	0.95%	1.12%	1.25%
Direct transaction costs (p.a.)	0.76%	0.39%	0.54%
Prices			
Highest published share price	208.98	184.98	158.92
Lowest published share price	177.76	157.61	127.34

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

EVENLODE INCOME

A Income Shares	1 Mar 2014 to 28 Feb 2015 (pence per share)	1 Mar 2013 to 28 Feb 2014 (pence per share)	1 Mar 2012 to 28 Feb 2013 (pence per share)
Change in net assets per share			
Opening net asset value per share	152.44	135.93	120.16
Return before operating charges*	21.88	24.34	22.87
Operating charges	(2.21)	(2.36)	(2.15)
Return after operating charges*	19.67	21.98	20.72
Distributions on income shares	(6.13)	(5.47)	(4.95)
Closing net asset value per share	165.98	152.44	135.93
*after direct transaction costs of:	1.18	0.57	0.66
Performance			
Return after charges	12.90%	16.17%	17.24%
Other Information			
Closing net asset value	£570,917	£538,210	£1,351,911
Closing number of shares	343,964	353,089	994,633
Operating charges (p.a.)	1.45%	1.62%	1.75%
Direct transaction costs (p.a.)	0.76%	0.39%	0.54%
Prices			
Highest published share price	167.93	155.10	138.94
Lowest published share price	144.25	135.98	113.75

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

EVENLODE INCOME

A Accumulation Shares	1 Mar 2014 to 28 Feb 2015 (pence per share)	1 Mar 2013 to 28 Feb 2014 (pence per share)	1 Mar 2012 to 28 Feb 2013 (pence per share)
Change in net assets per share			
Opening net asset value per share	180.30	154.98	131.75
Return before operating charges*	26.28	28.04	25.62
Operating charges	(2.63)	(2.72)	(2.39)
Return after operating charges*	23.65	25.32	23.23
Closing net asset value per share	203.95	180.30	154.98
Retained distributions on accumulation shares	7.33	6.31	5.50
*after direct transaction costs of:	1.41	0.66	0.74
Performance			
Return after charges	13.12%	16.34%	17.63%
Other Information			
Closing net asset value	£1,393,195	£1,524,720	£2,480,420
Closing number of shares	683,100	845,645	1,600,468
Operating charges (p.a.)	1.45%	1.62%	1.75%
Direct transaction costs (p.a.)	0.76%	0.39%	0.54%
Prices			
Highest published share price	203.61	181.07	156.35
Lowest published share price	173.48	155.05	125.76

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

EVENLODE INCOME

Dividend distributions/accumulations for the year ended 28 February 2015 (pence per share)

Share Class	Quarter Ended			
	31 May 2014 (pence per share)	31 August 2014 (pence per share)	30 November 2014 (pence per share)	28 February 2015 (pence per share)
B Income	1.3194	1.3274	1.3315	2.2889
A Income	1.3000	1.3000	1.3000	2.2306
B Accumulation	1.5660	1.5786	1.5868	2.7654
A Accumulation	1.5357	1.5437	1.5517	2.6962

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

RISK PROFILE

Please remember that both the price of shares 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 (A class shares 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.

EVENLODE INCOME

OTHER INFORMATION

The Company

TB Wise Investment Funds
64 St. James's Street
Nottingham NG1 6FJ

ACD

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

Tel: 0115 9888 200
Fax: 0115 9888 222
Website: www.tbailey.co.uk

Authorised and regulated by the Financial Conduct Authority.

Investment Manager

Wise Investments Limited
The Long Barn
Chalford Park Barns
Oxford Road
Chipping Norton
Oxon, OX7 5QR

Tel: 0845 8033 433
Fax: 0845 8035 433
Website: www.wiseinvestment.co.uk

Authorised and regulated by the Financial Conduct Authority.

Depository

National Westminster Bank Plc
135 Bishopsgate
London EC2M 3UR

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

Auditors

Deloitte LLP
4 Brindleyplace
Birmingham B1 2HZ

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

Further information regarding the activities and performance of the Fund for this period and previous periods is available on request from the ACD as are copies of the Annual and interim Report and Financial Statements.

Issued by T. Bailey Fund Managers Limited ("TBFM"). TBFM is a Regulated Collective Investment Scheme Manager and is authorised and regulated by the Financial Conduct Authority. Registered in England No: 3720363.
