



Wise Investment

Evenlode Income

Interim Short Report

For the six month period ended 31 August 2012

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 predominately 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 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. The Manager will undertake fundamental analysis to identify shares in companies that offer this combination.

** changed from 1 April 2012 (previously 20-30 investments)*

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: 6

Ongoing Charges Figures²

A Shares – 1.73% p.a.

B Shares – 1.23% p.a.

¹ As calculated in accordance with the FSA Handbook, COLL 4. 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 31 August 2012. As calculated in accordance with the FSA handbook COLL 4, Annex 1. The Ongoing Charges Figure ('OCF') includes annual management charges ('AMCs') and other operating expenses (Depositary's fee, audit fee etc).

EVENLODE INCOME

CHANGES TO THE FUND

From 1 April 2012, the following changes were made to the fund:

- 1) The Fund is now restricted to holding 10% of its Net Asset Value in other Collective Investments Schemes.
- 2) The investment objective and policy wording was amended slightly – see above.
- 3) The minimum investment level on the B Shares was reduced to £1,000 and the initial charge was also removed.

INVESTMENT REVIEW

Performance	Cumulative returns for the periods ended 31 August 2012 (%)			
	6 months	1 year	2 years	From launch
A Shares ¹	3.12	17.88	27.88	36.64
B Shares ¹	3.39	18.49	29.22	38.62
IMA UK Equity Income Sector Mean	2.69	13.27	21.29	24.32

¹ Performance based on income shares.

Source: FE Analytics. Total return, bid to bid.

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

During the six months to the 31st August 2012, Evenlode Income A and B shares rose +3.4% and +3.1% respectively. This compares to a rise of +2.7% for the IMA UK Equity Income sector. Since the Fund's launch (19th October 2009), Evenlode Income A and B shares have risen 36.6% and 38.6% respectively, compared to a rise of 24.3% for the IMA UK Equity Income Sector.

Global markets were volatile over the period, with much to-ing and fro-ing in investor sentiment, and high uncertainty surrounding the future of the global economy. The world is living through an era of slow trend growth, short business cycles, and frequent recessions. Deflationary pressures refuse to go away, Europe lurches from crisis to crisis, China and other emerging markets are slowing markedly, and the US struggles along. Central bankers in most parts of the world have turned to very easy monetary policy (via both low interest rates and money printing) in an attempt to alleviate these economic ailments. But as policies grow increasingly extreme, the risks of unforeseen consequences mount.

Against this backdrop, it's reassuring to report good progress for the portfolio's underlying companies. Much of the fund is invested in stable, global franchises that - despite the uncertainty - have continued to report very solid fundamental progress. The best contributors to fund performance during the period were Unilever, Diageo, Reed Elsevier and Johnson & Johnson, all of which reported healthy progress. The weakest performers were Halfords and Hays. Although both companies continue to increase market share, their respective industries of car maintenance and recruitment remain extremely depressed.

Following the +7.0% increase in last year's full year dividend, the first and second quarter dividend payments were increased by +5.0% year on year, and I remain positive on the potential for future dividend growth.

Prospering in Adversity

A clear disconnect remains between gloomy newspaper headlines and the ability of good quality companies to prosper in the current environment. Take speciality engineering business Halma for instance, a current Evenlode holding. Thanks to the company's strong market positions and focus on relatively non-discretionary sectors (healthcare, energy and water, health & safety regulation) the business has sailed through the last five years of economic hardship:

Year	Earnings	Dividends
2007	+7%	+5%
2008	+10%	+5%
2009	+12%	+5%
2010	+11%	+7%
2011	+22%	+7%
2012	+18%	+7%

EVENLODE INCOME

This record is particularly impressive given that the majority of the group's geographical exposure (more than 75%) remains in the developed world where economic growth has in general been hard to come by.

The Virtuous Circle of Reinvestment

Halma demonstrates what can be achieved when a business steadily reinvests cash flows at attractive returns through thick and thin. It's run unashamedly on a long-term basis – as management puts it, very simply, “we develop market positions with a horizon of ten years or more” (this unrelenting long-term approach has helped produce dividend growth of +5% or more every year for the last 33 years). In the face of the recent downturn, Halma's research and development budget has nearly doubled. The company has also steadily pursued various other growth initiatives including expansion in Asia and South America, acquisitions to strengthen its product range and a new graduate recruitment programme. All this growth has been financed by internally generated cash-flow, and as a result Halma remains virtually debt free.

More generally, I am very attracted to businesses able to make these long-term investment decisions despite short-term uncertainties. Although they depress operating results today, they help strengthen competitive position and therefore increase the long-term potential for returns. Many businesses in the portfolio continue to lay down the foundations for future growth - our consumer branded goods holdings are a good example. Businesses such as Unilever and Procter & Gamble have been channelling very significant sums of money into their emerging markets businesses over the last decade, investments which have continued despite the credit crisis and its aftermath. These investments reflect the fact that six billion people now live in emerging markets, compared to less than one billion in developed markets. As they begin to reach scale in these markets, they are starting to see the benefits. As Procter & Gamble put it recently, ‘we are on the precipice of one of the greatest trade-up cycles the world has ever seen’.

In Praise of Flexibility

The constant reinvestment and expansion of cash-flows is not a characteristic that bonds and cash can boast. In a world where low-volatility assets are highly cherished, it is worth remembering that good stocks do have this very significant long-term advantage of flexibility and evolution. An investment in a high quality business such as Unilever, Procter & Gamble or Halma is an investment in a productive asset backed by thousands of individuals working hard to increase future returns by adapting and evolving to changing market conditions. Paul Polman, chief executive of Unilever, articulated this point at a recent results presentation:

“We feel happy with these numbers in a tough environment. We also feel, with a certain level of confidence, but not complacency, that the company is better prepared than it ever was for an even more difficult environment. We've never been stronger but it has never been more needed. We've come a long way but we also believe there are many things to do in this company. For that reason, I

EVENLODE INCOME

don't want to have any excuses from the outside – not GDP growth, not government, not an election, not a political leader, not the weather either, not Ramadan or any other holidays. Our destiny is in our own hands and we know what we need to do. It's hard work and I want to thank the 170,000 people of Unilever who do this day in and day out.”

Debt crises, currency crises, recessions and many other nuisances will come and go over time, but high quality businesses have a self-sufficiency that tends to equip them well for these challenges. This gives me confidence in the future prospects for the portfolio, and all of my own long-term savings remain invested in the fund.



Hugh Yarrow
Fund Manager

24 October 2012

TOP TEN HOLDINGS

Top Ten Holdings as at 31 August 2012	(%)	Top Ten Holdings as at 29 February 2012	(%)
Unilever	9.7	Unilever	9.9
GlaxoSmithKline	8.2	Diageo	6.4
Reckitt Benckiser	6.1	Reed Elsevier	5.9
Proctor & Gamble	6.1	Reckitt Benckiser	5.5
Reed Elsevier	5.0	Sage Group	5.3
Johnson & Johnson	4.9	GlaxoSmithKline	4.2
Sage Group	4.8	Microsoft	4.0
Pearson	4.7	Smith & Nephew	3.7
Diageo	4.7	Imperial Tobacco	3.6
Imperial Tobacco	4.6	AstraZeneca	3.3

EVENLODE INCOME

PERFORMANCE

Share Prices and Revenue

Calendar year	B Income shares			A Income shares		
	Highest price (pence)	Lowest price (pence)	Net revenue distributed per share (pence)	Highest price (pence)	Lowest price (pence)	Net revenue distributed per share (pence)
2009 ¹	103.09	97.78	-	103.05	97.77	-
2010	119.28	99.00	3.2294	118.62	98.91	3.2084
2011	121.79	105.15	4.3441	120.80	104.24	4.3183
2012 ²	126.51	115.21	4.7765	124.79	113.75	4.7235

Calendar year	B Accumulation shares			A Accumulation shares		
	Highest price (pence)	Lowest price (pence)	Net revenue accumulated per share (pence)	Highest price (pence)	Lowest price (pence)	Net revenue accumulated per share (pence)
2009 ¹	103.36	98.04	-	103.31	98.02	-
2010	124.21	99.26	3.2481	123.54	99.16	3.2436
2011	129.37	111.70	4.5353	128.34	110.75	4.5090
2012 ²	139.96	126.48	5.1878	138.07	125.16	5.1312

¹ From 19 October.

² Prices to 31 August and net revenue to 31 October.

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 six months ended 31 August 2012 (pence per unit)

Share Class	Quarter Ended	
	31 May 2012 (pence per unit)	31 Aug 2012 (pence per unit)
B Income	1.0627	1.0639
A Income	1.0500	1.0500
B Accumulation	1.1667	1.1746
A Accumulation	1.1528	1.1594

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

Net Asset Values

Date	B Income shares			A Income shares		
	Total shares in issue	NAV per share (pence)	NAV (£)	Total shares in issue	NAV per share (pence)	NAV (£)
28 Feb 2010	852,905	101.77	868,008	412,600	101.66	419,434
28 Feb 2011	1,317,011	115.34	1,519,018	995,217	114.60	1,140,562
29 Feb 2012	2,968,043	121.54	3,607,281	1,396,118	120.15	1,677,490
31 Aug 2012	4,709,806	123.55	5,819,184	1,221,808	121.83	1,488,539

Date	B Accumulation shares			A Accumulation shares		
	Total shares in issue	NAV per share (pence)	NAV (£)	Total shares in issue	NAV per share (pence)	NAV (£)
28 Feb 2010	147,897	103.00	152,338	640,873	102.86	659,222
28 Feb 2011	589,384	121.49	716,047	1,369,747	120.74	1,653,821
29 Feb 2012	1,506,489	133.24	2,007,266	1,881,252	131.75	2,478,494
31 Aug 2012	3,032,398	137.86	4,180,537	2,052,287	135.96	2,790,345

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

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/Wise

Authorised and regulated by the Financial Services 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 Services Authority.

Depository

National Westminster Bank Plc
Trustee & Depository Services
7th Floor, 135 Bishopsgate
London EC2M 2UR

Authorised and regulated by the
Financial Services 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 is available on request from the ACD as are copies of the Annual 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 Services Authority. Registered in England No: 3720363.
