WISE FUNDS

TB WISE INVESTMENT FUNDS

ANNUAL REPORT &
AUDITED FINANCIAL STATEMENTS

For the year ended 28 February 2019

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Note: The Authorised Corporate Director's Report consists of 'Authorised Status' and 'Structure of the Company' on page 2, 'Authorised Status' and 'Investment Objective and Policy' on pages 10 and 42, 'Investment Review' as provided by the Investment Manager, on pages 11 to 19, and 43 to 54, and 'Directory' on page 84.

THE AUTHORISED CORPORATE DIRECTOR AND INVESTMENT MANAGER

The Authorised Corporate Director (the 'ACD') of TB Wise Investment Funds (the 'Company') is T. Bailey Fund Services Limited. Wise Funds Limited is the Investment Manager (the 'Investment Manager') of the Company.

Wise Funds Limited and T. Bailey Fund Services Limited are authorised and regulated by the Financial Conduct Authority. Further information about Wise Funds Limited and the funds which it manages can be found at www.wise-funds.co.uk.

YOUR INVESTMENTS

You can buy or sell shares in the sub-funds of the Company through your Financial Advisor. Alternatively, you can telephone the dealing line; 0115 988 8258, during normal office hours. Application forms can be requested in writing from the ACD or by calling the Client Services Team on the dealing line. They can also be downloaded from the website: www.tbaileyfs.co.uk/funds/tb-wise-investment-funds.

The sub-funds are eligible for ISA investments/transfers and the shares are available as part of a regular savers scheme.

Prices for the sub-funds are published each normal business day on www.tbaileyfs.co.uk/funds/tb-wise-investment-funds and also via the website; www.fundlistings.com.

OTHER INFORMATION

Full details of TB Wise Investment Funds are set out in the Prospectus. This document provides investors with extensive information about the funds including risks and expenses. A copy of the Prospectus is available on request from the ACD, or can be found at www.tbaileyfs.co.uk/funds/tb-wise-investment-funds.

The Key Investor Information documents and Supplementary Information document are also available at www.tbaileyfs.co.uk/funds/tb-wise-investment-funds.

AUTHORISED STATUS

TB Wise Investment Funds is an open-ended investment company (an 'OEIC') with variable capital, as defined in the Glossary to the Financial Conduct Authority ('FCA') Handbook, incorporated in England and Wales under registration number IC 000283. The effective date of the authorisation order made by the FCA was 4 February 2004. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company. Shareholders are not liable to make any further payment to the Company after they have paid the price on purchase of the Shares.

STRUCTURE OF THE COMPANY

The Company is structured as an umbrella company and different sub-funds may be established by the ACD with the agreement of the Depositary and the approval of the FCA. On the introduction of any new sub-fund, or share class, a revised prospectus will be prepared and issued.

The Company is compliant with the Protected Cell Regime for OEICs. Under the Protected Cell Regime, each sub-fund represents a segregated portfolio of assets and accordingly, the assets of the sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including any other sub-fund and shall not be available for any such purpose.

As at the year end, there were two sub-funds; TB Wise Multi-Asset Growth and TB Wise Multi-Asset Income.

The base currency of the Company is Pounds Sterling.

The Company is a UCITS scheme.

CROSS HOLDINGS BETWEEN SUB-FUNDS

As at the period end there were no cross holdings between the two sub-funds.

Remuneration policy of the ACD

TBFS and the holding company of TBFS, T. Bailey Holdings Limited ('TBH'), have the following policies and practices for those staff whose professional activities have a material impact on the risk profile of the activities of the ACD. Based on FCA guidance the ACD is considered as Proportionality Level 3 under the Remuneration Code as total assets under administration are less than £15bn. TBFS is a UCITS firm and is therefore subject to the UCITS V Directive Remuneration Code.

The Remuneration Policy of the ACD:

(i) Is consistent with and promotes sound and effective risk management;

(ii) Does not encourage risk taking that exceeds the level of tolerated risk of the relevant UCITS managed by TBFS;

(iii) Encourages behavior that delivers results which are aligned to the interests of the UCITS managed by TBFS;

(iv) Aligns the interests of Code Staff with the long-term interests of TBFS, the funds it manages and its investors;

(v) Recognises that remuneration should be competitive and reflect both financial and personal performance. Accordingly, Remuneration for Code Staff is made up of fixed pay (salary and benefits, including pension) and variable (performance-related) pay; and

(vi) Recognises that fixed and variable components should be appropriately balanced and that the variable component should be flexible enough so that in some circumstances no variable component may be paid at all. Variable pay is made up of short-term awards typically based on short-term financial and strategic measures for the area of the business in which the member of Code Staff works.

There is no remuneration committee. The Board of TBH oversees the setting and review of remuneration levels performed by the operating Board of TBFS. From an overall group perspective and operating company level, remuneration is set within the context of a 5-year plan which ensures any threats to capital adequacy, liquidity and solvency caused by excessive remuneration would be identified. The bonus arrangements including the staff bonus pool are set annually as part of the annual operating plan and any changes to the pool require approval by the CEO of TBFS and also the Board of TBH.

The main shareholders are represented on the Board of TBH which ratifies the annual operating plans. The annual operating plan includes the level of remuneration for all staff including Code Staff.

To assist with the above process, a benchmarking exercise was conducted in 2015 which incorporated information from external consultants in connection with remuneration.

The staff bonus scheme is operated so as to allow for meaningful rewards to be paid to staff whose performance during the year merits recognition but within the context of an annual operating plan. The TBH Board bears in mind the projected performance of the companies when making any adjustments to the scheme. Payment of scheme bonus to individuals is linked to their performance against agreed objectives from staff appraisals.

REMUNERATION POLICY OF THE AUTHORISED CORPORATE DIRECTOR (CONTINUED)

Total remuneration paid by the ACD for the year ended 30 September 2018

Total Number of Staff	**37**
	£'000
Fixed	1,334
Variable	57
Total Remuneration Paid	**1,391**

Total remuneration paid by the ACD to Remuneration Code Staff for the year ended 30 September 2018

	Senior Management	Staff with Material Impact
Total Number of Staff	**8**	**1**
	£'000	**£'000**
Fixed	680	42
Variable	36	2
Total Remuneration Paid	**716**	**44**

Please note that there were no remuneration payments made directly from TB Wise Investment Funds or any of its sub-funds.

STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

The Authorised Corporate Director ("ACD") of TB Wise Investment Funds ("Company") is responsible for preparing the Report and the Financial Statements in accordance with the Open-Ended Investment Companies Regulations 2001 ("the OEIC Regulations"), the Financial Conduct Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Company's Instrument of Incorporation.

The OEIC Regulations and COLL require the ACD to prepare financial statements for each accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association ("IA SORP") in May 2014; and
- give a true and fair view of the financial position of the Company and each of its sub-funds as at the end of that period and the net revenue and the net capital gains and losses on the property of the Company and each of its sub-funds for that period.

In preparing the financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards and the IA SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the applicable IA SORP and United Kingdom Accounting Standards and applicable law. The ACD is also responsible for the system of internal controls, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTOR'S STATEMENT

In accordance with COLL 4.5.8BR, the Report and the Financial Statements were approved by the board of directors of the ACD of the Company and authorised for issue on 21 June 2019.

The Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the Company and its sub-funds consist predominantly of readily realisable securities and accordingly the Company has adequate resources to continue in operational existence for at least the next twelve months from the approval of these financial statements.

Helen Stevens
Chief Executive Officer
T. Bailey Fund Services Limited
Nottingham, United Kingdom
21 June 2019

Richard Taylor
Compliance Director
T. Bailey Fund Services Limited
Nottingham, United Kingdom
21 June 2019

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Corporate Director ("the ACD") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

DEPOSITARY'S REPORT TO THE SHAREHOLDERS OF TB WISE INVESTMENT FUNDS

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the ACD:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee & Depositary Services Limited
London, United Kingdom
21 June 2019

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of TB Wise Investment Funds ('the company'):

- give a true and fair view of the financial position of the sub-funds as at 28 February 2019 and of the net revenues and the net capital gains and losses on the property of the company for the year ended 28 February 2019; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

We have audited the financial statements which comprise for each sub-fund:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the related individual notes 1 to 15; and
- the distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Authorised Corporate Director's (ACD's) use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the ACD has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The ACD is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of depositary and ACD

As explained more fully in the statement of depositary's responsibilities and the statement of ACD's responsibilities, the Depositary is responsible for the safeguarding the property of the company and the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the company and the sub-funds have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information given in the ACD's report for the year ended 28 February 2019 is consistent with the financial statements.

Use of our report

This report is made solely to the company's shareholders, as a body, in accordance with Paragraph 4.5.12R of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
21 June 2019

TB WISE MULTI-ASSET GROWTH, AUTHORISED STATUS

The Fund is a sub-fund of TB Wise Investment Funds with investment powers equivalent to those of a UCITS Scheme as defined in the Glossary to the Financial Conduct Authority ('FCA') Handbook.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of TB Wise Multi-Asset Growth is to provide growth over the medium-to-long term in excess of the Cboe UK All Companies Index and in line with, or better than, the rate of the UK inflation (based on the Bank of England's preferred measure of UK inflation, which is currently the Consumer Prices Index (CPI)). Investors should note that their capital is at risk and that there is no guarantee that a positive return will be achieved over any time period. The fund will have exposure to multiple asset classes. The fund will invest in a diversified portfolio which may include collective investment schemes, equities including investment trusts, bonds, Government securities, money market instruments, deposits and cash. The fund may also use derivatives for the purpose of efficient portfolio management from time to time. There will be no restriction on allocations between asset classes or geographic regions.

ONGOING CHARGES FIGURE

The Ongoing Charges Figure ('OCF') provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the Annual Management Charge, but also includes the costs for other services paid in respect of Depositary, custody, FCA and audit fees. As the Fund invests in other funds, the weighted average costs of the underlying funds are also taken into account. The OCFs, as calculated in accordance with ESMA guidelines, are disclosed as 'Operating charges (p.a.)' in the Summary of Fund Performance tables on pages 23 to 25.

Please note that the maximum level of management fees which may be charged to any collective investment scheme in which the Fund invests is 6%.

SYNTHETIC RISK AND REWARD INDICATOR

The Synthetic Risk and Reward Indicator demonstrates in a standard format where the Fund ranks in terms of its potential risk and reward. It is based on historical performance data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The indicator uses a scale of 1 to 7. The higher the rank the greater the potential reward but the greater the risk of losing money. The lowest category does not mean a fund is a risk free investment.

The Fund is in risk category 4 because it invests in a variety of asset classes, but with a bias towards shares.

RISK PROFILE

The value of investments may go down as well as up in response to general market conditions and the performance of the assets held. Investors may not get back the money which they invested.

There is no guarantee that the Fund will meet its stated objectives.

The Fund invests in global shares (via collective investment schemes and investment trusts), with some regions being regarded as more risky. The movements of exchange rates may lead to further changes in the value of investments and the income from them.

Whilst the intention of using derivatives is to reduce risk, this outcome is not guaranteed and derivatives involve additional risks which could lead to losses.

There is a risk that any company providing services such as safe keeping of assets or acting as counterparty to derivatives may become insolvent, which may cause losses to the Fund.

TB WISE MULTI-ASSET GROWTH, INVESTMENT REVIEW

Performance

	Cumulative returns for the periods ended 28 February 2019 (%)		
	1 year	3 years	5 years
TB Wise Multi-Asset Growth – A Shares	2.10	54.87	45.77
TB Wise Multi-Asset Growth – B Shares	2.78	57.86	50.36
TB Wise Multi-Asset Growth – W Shares*	3.03	N/A	N/A
IA Flexible Investment Sector	(1.11)	27.33	32.10
UK Consumer Price Index (CPI)	1.81	7.01	7.34
Cboe UK All Companies Index	1.65	31.20	28.58

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 W Shares were launched on 9 December 2016.*

Introduction

This report will discuss the fund's performance during the year ended 28th February 2019 and give a summary of the outlook for the coming year. For brevity, the TB Wise Multi-Asset Growth fund will be referred to as Wise MAG in the remainder of this report.

Investment objectives

Wise MAG aims to provide growth over the medium to long term in excess of the Cboe UK All Companies Index and in line with, or better than, the rate of UK inflation (based on the Bank of England's preferred measure of UK inflation, which is currently the Consumer Price Index (CPI)). In other words, Wise MAG aims to deliver returns better than cash and shares over the medium to long term. An unlimited proportion of the fund can be held in cash at times when other assets look unattractive. Wise MAG can invest anywhere in the world, with no geographical or sector restriction. Wise MAG is a fund of funds. Most funds of funds invest in open-ended funds (unit trusts and OEICs). A much smaller number invest in closed-ended funds, commonly known as investment trusts. Wise MAG does both, choosing funds on the basis of the quality of the managers, and on the value of the assets.

In order to achieve the fund's objectives, we are looking for markets and sectors where we can see value and/or significant growth potential. Within these, we focus on managers with a disciplined, easy-to-understand investment process and with a similar level of dedication to ours. We tend to know our managers well, which allows us to allocate to the best asset classes managed by the best managers at times when their styles are often out-of-favour with other investors.

Open-ended and closed-ended funds

The main difference between the two types of investment vehicles is in the way they are priced. An open-ended fund is valued by the company that administers it. The price of the unit is calculated each day and accurately reflects the market value of the assets the fund holds. Closed-ended funds (otherwise known as investment trusts) are traded in the stock market, and their prices are determined by supply and demand. So, an open-ended fund with assets worth £1.00 per share will always be priced at £1.00. An investment trust with assets worth £1.00 per share might trade at £1.20 if the assets are in great demand, or the fund manager is highly regarded. Conversely, the fund might trade at 80p if investors are worried about the asset class or the managers of the trust have performed less well than their peers.

When an investment trust's assets are worth £1.00 per share, and its shares are trading at £1.20, then it is said to be at a 20% premium. When its assets are worth £1.00, and its shares are trading at 80p, then it is said to be trading at a 20% discount. Investment trust discounts change over time. We aim to buy good investment trusts when they are trading at wide discounts, which look unjustified to us. Over time, discounts on good trusts tend to narrow, and sometimes investment trusts go from discounts to premiums. For example, we can sometimes buy a fund with net assets of £1.00 for 80p. A few years later, the assets may have risen to £1.40 in value, but meanwhile, if the trust has become fashionable, it may trade at a premium price of £1.60. In a unit trust, where the price reflects the value of the assets, investors would make a return of 40%, as a result of the asset value increasing from £1.00 to £1.40, but in an investment trust, due to the combination of the asset price rising and the discount turning into a premium, investors would make a 100% return. For this reason, we prefer closed-ended funds to open-ended ones, when they are of high quality and we can buy them at substantial discounts. However, we need to be patient, because wide discounts can widen further, and sometimes we have to wait a long time before the eventual re-rating takes place.

Another attraction of investment trusts is that, by their structure, they allow their managers to invest in more illiquid asset classes. For an investor to change their position in a trust, they need to be matched by another investor in the market willing to do the opposite transaction. In an open-ended fund, investors can buy or sell at any point, forcing the manager to invest the extra cash they receive or raise cash to meet redemptions. If the fund is invested in illiquid assets, this can be a problem: either the extra cash received cannot be invested quickly, thus creating a drag on performance, or cash is difficult to raise because it takes time to sell holdings. This isn't an issue in investment trusts and they are thus a suitable structure to invest in illiquid asset classes such as, for example, private equity, infrastructure, small companies or property. We think it is extremely difficult, if not impossible, to manage fully flexible multi-asset funds like ours without the use of investment trusts.

However, given the nature of investment trusts, liquidity may be an issue (it may be difficult to buy or sell shares if there aren't any other sellers or buyers willing to trade). We are always careful to keep a mix of closed-ended and open-ended funds in the portfolio.

At the end of the year, Wise MAG was invested roughly 63% in closed-ended funds, and 32% in open-ended funds (the remainder being in cash). The proportion of the fund held in closed-ended funds will fluctuate based on our asset allocation, investment ideas and liquidity constraints.

An exercise we like to run periodically is to monitor the premium/discount that Wise MAG trades at relative to the value of its own assets. This, in effect, consists at looking at the fund as if it was an investment trust, adding up the value of all of its investments compared to where their prices are. As explained above, the price of the open-ended funds we invest in (32% of the portfolio) will be equal to the value of their assets. However, given our large allocation to investment trusts, it makes sense to look at where those are trading, in aggregate, relative to their own assets. At the end of the period, the investment trusts we invest in were trading at an average of 10% discount. For Wise MAG, the fund discount was 6%. In comparison, global equity investment trusts trade at a weighted average of 3% discount. So, while Wise MAG's discount is narrower than in the recent past as a result of market movements, we continue to find unrealised value. This can only be achieved by sticking to our investment process of adding to managers we respect when they are disliked by other investors and gradually exiting positions when the market is coming round to our view.

Some good examples of this discipline would be the Impax Environmental Markets Trust (IEM), of which we completed the sale in July and the TR European Growth Trust (TRG) we started buying last October. Both of these funds are, in their respective areas, managed by excellent managers we respect and trust. IEM is invested globally in companies providing environmental solutions through their products and services. This is an area of huge growth at present with the increasing focus of governments, corporates and individuals on environmental issues. As such, the trust outperformed the broad global equity market by about 20% during our holding period, going back to 2011. As one would expect, the attractive characteristics of this sector and the quality of the manager led to increasing investors' interest, which led to the discount tightening from around 13% at the time of entry to close to 0% last summer, at which point we closed our position completely. As has often been the case throughout the history of Wise MAG, it is likely that we will reinvest in this trust at some point: we just need the valuations to become attractive again.

TRG is one such example of a trust we bought again 5 years after it was last sold in Wise MAG. This trust has got a fantastic long-term track record but, being invested in small and medium-sized companies in Europe excluding the UK, the performance comes with some volatility. Similarly, as investors turn more optimistic about the region, they often use funds like TRG to boost their returns but then are overly keen to rush for the doors as soon as they get worried. The discount in the trust has moved in a range going from more than 25% to a small premium over the past 7 years. These moves can be quite swift but, as active managers, we keep a close eye on the managers we like in order to be able to take advantage of opportunities. Last year, such an opportunity presented itself when the trust moved from a premium to a 13% discount following a bout of underperformance. This is when we initiated this position and we have added gradually to it since then, following the very difficult markets experienced across the world in December.

We believe that our focus on valuations is in large part responsible for the good performance of Wise MAG over the years. Active fund management gets a lot of bad press nowadays, sometimes justifiably so, but we think that a disciplined approach like ours should help us continue to outperform buy-and-hold or passive strategies going forward.

Performance

In what turned out to be a difficult year, Wise MAG managed to outperform both of its benchmarks (the CBOE UK All Companies and the UK Consumer Price Index), as well as its peer group, the IA Flexible Investment sector. The B shares (representing close to 98% of our external shareholders) has outperformed the broad UK equity market by close to 22% over 5 years and close to 55% over 10 years, putting the fund in the top 10% of its peer group.

Looking at where this outperformance came from, Private Equity, our International holdings and our Utilities and Infrastructure specialists were the main contributors.

Private Equity is cyclical by nature. We invested heavily after the 2016 Brexit referendum as many top-quality investment trusts in the sector presented some very attractive discounts. We are now in the part of the cycle where underlying portfolios are more mature and we start reaping the rewards of investments that our managers have made over the past few years. The strong performance in our private equity “bucket” comes mainly from realisations that those managers have made at very attractive valuations, as well as them focusing on profitable niches such as so-called platform companies which generate growth by integrating smaller companies and creating synergies by sharing common systems or infrastructure.

The second largest contributors to performance were our **International** holdings. Unlike the previous year, the move in the pound was a tailwind for global investors this year as it fell by around 5% relative to the US Dollar. When investing abroad and repatriating assets back to the UK, a weaker pound helps boost returns. However, most of our global managers added value in their own right and the currency tailwind was a bonus. Our best performing fund in the sector was also our largest allocation, Caledonia Investments, which managed to grow its net asset value steadily throughout the year but, more importantly, succeeded in protecting its gains during the downturn of the fourth quarter 2018. The turbulent year experienced in 2018 was a great illustration of the importance of having a diversified portfolio with a mix of asset classes and strategies. Having managers able to protect capital on the downside can prove vital in times of increased risk aversion.

Our final top contributing asset class fits in that category. We ended the year with 4.6% in **Specialist Utilities and Infrastructure** funds. Our reasoning for allocating capital to this sector is primarily to add steady growth exposure in the portfolio. Our managers focus on global companies that have high barriers to entry and fulfil a critical need in their respective markets. Far from being boring, the best of those companies are able to grow at a steady pace, either because of increasing demand for their services (for example on the infrastructure front given the poor state many developed countries are in and how fast some emerging markets are growing) or helped by a regulatory regime that allows them to increase their prices in line with inflation. They also get exposure to some of the fast-growing areas using renewable energy, while still offering better downside protection when sentiment turns. The Global Utilities sector outperformed the rest of Global Equities by 20% in Q4 of 2018, so that exposure in Wise MAG was most welcome.

In the sector, performance was also helped by the 94% return for the year in the EF Realisation Trust which was a special situation, uncorrelated to equity markets. This investment trust was set up in September 2016 to hold, manage and realise the illiquid assets previously owned by the Ecofin Water and Power Opportunities Trust. This was a very specialised vehicle with a set lifetime of 2 years (extensible if necessary by shareholders’ approval). We used to invest in the Ecofin Water and Power Opportunities Trust so have known the managers for some time and are also now invested in the Ecofin Global Utilities and Infrastructure Trust which holds the liquid assets of the original trust. There were two main drivers that made the EF Realisation our strongest performer last year. The first one was its large position in LoneStar Resources, a small US listed resources company specialised in the acquisition, development and production of unconventional oil and natural gas properties. The company announced a strong increase in their production numbers which helped its share price dramatically. The second driver of performance was the expectation that, as one got closer to the 2-year lifetime of the trust, the board would have to make an offer to shareholders to realise their investments. As it happened, in early September, a proposal was put forward by the Board to close the trust as expected and give the option to shareholders to realise their assets at more than 20% premium to the trading price. The “catch”, however, was that the realisation wouldn’t be done entirely in cash but by receiving in specie shares in LoneStar. This caused an issue to us because owning an illiquid, US-listed stock we haven’t researched ourselves would certainly add an unreasonable amount of risk to our portfolio. We thus decided to take our profits before the vote and found a buyer willing to purchase our shares at an attractive price (since the upside was obvious for an investor better able to research US companies). This example shows how one can find attractive opportunities when one is prepared to look beyond the obvious areas many investors focus on.

On the negative side, our allocation to European equities was the largest detractor. Europe went from disappointment to disappointment on the economic front, unable to generate sustainable growth and trailing the likes of the US or, even the UK. Political uncertainty continued to weigh on the region whilst demand, in general, remained tepid despite the European Central Bank's best efforts to rekindle the economy. Specific issues in the auto sector with the diesel scandal, also had significant ramifications given how important the sector is to Germany, the traditionally reliable European engine. At the end of the period though, we note that the data stopped getting incrementally worse and that, while still bad, it started surprising consensus on the upside. We think that the negative sentiment towards the region might now be overdone and provides attractive opportunities to strong stock pickers.

Allocation changes

The past year was an active one on the research front for us. Key to our investment approach is to spend a lot of time meeting, understanding and building relationships with our managers. Only then can we get the confidence and trust to allocate our clients' money to a fund. This process is also critical in helping us form our macro view and decide the most appropriate asset allocation for the portfolio. The team had meetings or calls with 220 fund managers or companies during the period. Beside being a cornerstone of our investment approach, meeting other fund managers, exchanging ideas with them and analysing styles that may be different from ours is also one of the most enjoyable parts of our job and we are fortunate to have the access we have.

It shouldn't come as much of a surprise that we made a number of changes to the portfolio last year. Our valuation discipline combined with highly uncertain and quickly moving markets contributed to shifts in our asset allocation as well as individual changes.

Similar to previous reports, we find it helpful to classify those changes under the categories below:

- **Profit-taking**: as part of our investment process, we constantly monitor our holdings and try to be disciplined about taking profits when performance is working in our favour. This process is more of an art than a science, but we use several indicators such as our macro-economic view, conversations with managers, sentiment surveys or flow data in order to assess when a theme, a style or a manager is getting close to the top of the cycle. Given that we still haven't found a magic formula that would tell us the exact exit or entry points, we tend to exit and enter positions gradually -unless of course the investment rationale has changed completely. We also do not see profit-taking as a black and white process and haven't got any issue with adding back to a position after having trimmed it. In our mind, this is part of an active management of the portfolio and we think value can be generated by using opportunities that the market throws at us.
    - *Private equity*: this is an area that we have mentioned several times in previous commentaries and have been gradually reducing in the portfolio. While private equity as an asset class remains small in the scale of global financial markets (an estimated 3.4% of the total according to Prequin), it is seeing an increased interest from investors thanks to attractive long-term returns and a continued decline in the number of publicly listed companies (the number of global publicly listed companies has dropped by 41% over the past 20 years according to Prequin again). There is talk of a wall of money waiting to be invested in private equity which drives valuations higher, possibly to unsustainable levels. In this context, our managers are able to take advantage of these high valuations to sell some of their assets. They are very experienced and have built their current portfolios over years, which means that they are able to realise attractive returns. We still have a strong conviction in the asset class and our managers - hence why this still represents one of our largest allocations-, but continue to take profits gradually. While the sector represented 26% of the fund 4 years ago, it is now down to 11%. Over the reporting period, we reduced our positions in the HG Capital Trust, ICG Enterprise Trust and the Pantheon International Trust. On the other hand, it is worth mentioning that we added to our position in the Woodford Patient Capital Trust. This portfolio is composed of early stage companies, many in the UK, which differs from the larger and more developed companies our other private equity managers focus on. The valuation on this trust remained very attractive so we took the opportunity to build our position up.

  - *Alternative Energy*: as previously mentioned, this has been a sector in high demand from investors recently, for good reason given its attractive and sustainable growth prospects. This attractiveness was reflected in the price of the Impax Environmental Markets Trust however, with its discount practically disappearing in the second quarter. On valuation grounds, we thus decided to exit our position.
  - *UK Growth*: after a strong period of performance from the fund's launch in 2017 until Q2 2018, we trimmed our position in the Polar Capital UK Value Opportunities fund. This proved prudent as the fund then had a difficult end of the year, although it has recovered well since.
  - *Property*: we reduced our allocation to the TR Property Trust as its discount turned into a premium in the second quarter of 2018.

- **Addition on weakness**: the natural corollary of trimming positions on the way up is to be prepared to deal with positions that don't perform as expected. If, after having reviewed our investment case, we still have conviction in our views, we should be prepared to back them up and add on weakness. If the market, for whatever reason, is offering us opportunities to add to a position at an even more attractive price than when we initiated the position, we would be foolish to pass on the offer. This isn't an easy thing to do, however. As fund managers, we spend our time questioning not only our fundamental views on an asset class or a particular fund, but also questioning what is going through other investors' minds. We will never be able to know everything that is going on, so we need to tread with caution. Therefore, we tend to add cautiously on weakness when we still think that we should hold on to an underperforming investment. It is great if we pick the bottom but, more often than not, this will involve several iterations when we keep adding at lower and lower prices. The same process is at play when adding a brand new holding to the portfolio.

  Over the reporting period, we thus added to the following asset classes:

  - *Asian equities*: the region was hit badly by concerns over the escalation of the trade war between the US and China but also, more fundamentally, by a slowdown in the Chinese economy. Finally, the general weakness in emerging markets dragged the region down. We believe that those concerns are overblown and still see Asia as a significant driver of global growth going forward. We continue to stay away from the large technology names that have stolen the headlines recently, however, and gain exposure through small and mid-cap managers (Aberdeen Standard Asia Focus Trust and Fidelity Asian Values Trust). In January 2019, after a close to 30% drop in the country's equity market, we also added a new holding in the Fidelity China Special Situations Trust. Irrespective of what happens to the trade negotiations with the US, we don't think that one can ignore the amount of stimulus the Chinese government is pumping into its economy in order to encourage domestic consumption. This should provide a very strong tailwind to its domestic companies.
  - *European equities*: this is an area we already mentioned both from a performance standpoint and from a trust specific standpoint. We took the opportunity to add a new position in the TR European Growth Trust on weakness in Q4 2018 and have added to the position since.

- *Value style:* global markets have remained extremely polarised for a few years now. This is particularly clear when looking at investment styles, in particular Value vs Growth. In general terms, Value investors look for companies that trade below their "intrinsic value", that is what the company is worth based on its net assets. There are many reasons why a company might trade below its intrinsic value and it is up to the Value investor to determine whether these reasons are valid or not. At the opposite end of the spectrum, Growth investors are focusing more on what a company is currently worth based on its prospects. One extreme example would be to look at a start-up company: while the Value investor wouldn't be interested because the start-up is worth nothing until it starts producing and selling a good or service, a Growth investor would look at what it is likely to produce and how interested the marketplace might be for their new product. Since the Great Financial Crisis, but even more acutely over the past couple of years, investors have preferred traditional Growth stocks (think technology companies) to Value ones. When all is well in the world, it is easier to feel optimistic about the future than be content with cheap, solid investments in the present. Globally, Value stocks have underperformed Growth stocks by around 30% over the past decade. There is no way to predict when this will turn but the anomaly is likely to correct at some point. By allocating to managers with a value bias that still manage to outperform the broad markets, we feel that we are in relatively safe hands. This is why we added to our position in the JO Hambro UK Equity Income fund, the Aberforth Smaller Companies Trust, the British Empire Trust and the Schroder Global Recovery fund.
- *Utilities and Infrastructure*: we mentioned this asset class as one of top contributors last year. The sector was badly hit earlier in the year due to a combination of the increase in bond yields and, in the UK, concerns about nationalisation plans from a potential future Corbyn government. We added to our positions in both the Ecofin Global Utilities and Infrastructure Trust, as well as in the LF Miton Global Infrastructure Income fund. This helped our performance as they, themselves, performed well in Q4 2018.

- **Risk management**: a third category of changes can be seen as a risk management exercise. Delivering strong performance is at least as much about not losing money as it is about generating returns. As such, managing risk is paramount to the way we run the fund. Profit-taking, mentioned above, is one form of risk management. Other ones include cutting losses, adding to idiosyncratic risk (i.e. exposures that are less correlated to the vagaries of stock markets) or looking for protection in periods of uncertainty.

  Idiosyncratic risk: we think that there is more upside for risk assets from here (equities, private equity, corporate bonds, etc…). However, the days of the "easy money" are likely behind us. Volatility is also on the rise, suggesting that a more cautious approach to investment is warranted. What it doesn't mean though is that opportunities to generate positive returns don't exist. One just has to look a bit deeper in order to find them. There have been several attractive new investment trusts launches in the last year which, to us, fit very well with that thinking. We thus added new positions in the Odyssean Investment Trust, the AVI Japan Opportunity Trust and the Mobius Investment Trust. While each investing in different areas of the world (respectively UK, Japan and Emerging Markets), they share a common approach of trying to generate returns by engaging with companies. This can mean discussing with management new areas of growth for the business or new ways to generate value for investors and distributing it via dividends, share buybacks, etc…They still invest in public companies whose share prices will be influenced by the broader stock markets they are listed on, but we think that their focus on those specific situations should help insulate them from the movements of the headline indices.

- *Gold*: we didn't add to our allocation to gold in the fund but kept it at around 5%. However, we diversified our exposure by adding the Merian Gold and Silver fund to the BlackRock Gold and General fund we already owned. Gold is not only an attractive hedge against sharp falls in markets (as proved to be the case in Q4 2018), it also performs well when expectations for future interest rates fall. If the economy continues to slow, central banks are unlikely to be in a position to raise rates in the short term, meaning that the environment should remain supportive for the precious metal, despite being possibly more difficult for risk assets.
- *Cash*: all the above changes left us with higher levels of cash at the end of the period than at the start. This gives us some dry powder to allocate to future opportunities.

Wise MAG's asset allocation as at the period end is shown below:

Sector	Asset allocation as at 28 February 2019 (%)	Asset allocation as at 28 February 2018 (%)
Absolute Return	7.8	8.9
Asia	7.1	5.6
Emerging Markets	3.2	2.0
Europe	4.2	2.0
International	24.2	22.3
Japan	2.6	2.1
Mining and Resources	11.1	11.1
Private Equity	11.0	16.6
Property	1.0	2.0
Specialist - Alternative Energy	-	1.9
Specialist – Biotechnology	1.0	0.9
Specialist – Technology	1.2	1.5
Specialist – Utilities	4.6	3.2
UK Growth	4.4	6.1
UK Income	4.0	2.5
UK Mid-Cap	-	3.0
UK Smaller Companies	7.6	6.6
Cash and Other	5.0	1.7
Total	**100.0**	**100.0**

The full list of holdings at the balance sheet date is shown in the Portfolio Statement on pages 20 to 22.

Outlook

We are now experiencing a finely brewed macro picture with plenty of lurking dangers and idiosyncratic risks. But amid the gloom, there are reasons to be optimistic. A trade agreement between China and the US is still on the cards as Trump seeks to land a deal to secure his legacy. Meanwhile, Mergers and Acquisitions (M&A) remains elevated – a number of large deals have been rumoured, from banks to semi-conductors, and we have seen large acquisitions in pharma and gold miners. By aggregating total global M&A transactions over the last two decades, 2018 emerges as the highest in 20 years – and this year, so far, is set to match the record. This buoyant backdrop for M&A should help support equity markets. Global market fundamentals also appear to be on steady footing. For example, not only did 70% of US companies beat expectations in the latest earnings season, 85% of tech companies also surpassed analyst expectations. Additionally, we believe there remains a lot of untapped support for the current rally. Flow data for active and passive strategies show the recent rally has actually had little support. Broadly, investors have sat on the side-lines and have yet to participate; this could well provide another leg to the equities rally.

The crux of the situation for us is, while growth is slowing, there remain opportunities out there. As active managers, it is our job to exploit the relative value which has been created by this uncertain environment. We will continue to look for ways to participate on the upside, while finding strategies that can help us insulate the portfolio from the most violent swings.

General Update

I would like to conclude with an update on our assets and the team. Firstly, our assets under management have come down slightly during the period. We started in March 2018 with £55m and finished in February 2019 with £51m, despite a performance of 2.8% (B share class) during that time. While the fund is gaining increased recognition and we are getting more and more enquiries and regular inflows, our largest investor decided to switch some of their investment from the Wise MAG into the TB Wise Multi-Asset Income fund due to the recent performance of the former versus the latter. In a way, this is in line with the “take-profit/add on weakness” approach that we discussed earlier for our own portfolio. This switch alone represented a 14% drop in Wise MAG’s assets under management, but we are pleased that the client retains its confidence in our team and process. This drop in assets doesn’t affect in any way how we manage the fund and we are pleased that some of those lost assets have been naturally replaced by new investors in the fund.

Finally, our team went through a period of change since our last annual report with both our analyst, Manasa, and our team assistant, Debbie, deciding to leave. We wish them all the best for their future endeavours. Meanwhile, we recruited two outstanding new members for our team. Philip Matthews joined us in September from Schroders as a Fund Manager. He has been working alongside Tony and myself on both of our funds and his experience will greatly complement the range of skills we already have. Last but not least, Joanna Scavuzzo-Blake also joined us in September as an Office Manager. She is contributing substantially to our overall process and tasks, freeing up our time to focus on managing the funds. We are delighted to have them both on board.

As always, thank you very much for your support. Do not hesitate to get in touch with us directly, if you would like to discuss anything in greater detail.

Vincent Ropers
Fund Manager
Wise Funds Limited
Chipping Norton, United Kingdom
21 June 2019

TB WISE MULTI-ASSET GROWTH, PORTFOLIO STATEMENT

As at 28 February 2019

Holding or nominal value of positions		Bid market value £	Percentage of total net assets %
	Absolute Return (7.8%; 28.02.18 - 8.9%)		
874,026	Henderson UK Absolute Return	1,445,639	2.8
331,616	SVS Church House Tenax Absolute Return Strategies	530,586	1.0
8,675	TM Fulcrum Diversified Core Absolute Return	894,381	1.8
9,978	TwentyFour Absolute Return Credit	1,114,618	2.2
		3,985,224	**7.8**
	Asia (7.1%; 28.02.18 - 5.6%)		
234,000	Aberdeen Standard Asia Focus	2,433,600	4.8
146,343	Fidelity Asian Values	610,250	1.2
260,000	Fidelity China Special Situations	573,300	1.1
		3,617,150	**7.1**
	Emerging Markets (3.2%; 28.02.18 - 2.0%)		
1,000,000	Mobius	1,030,000	2.0
83,000	Templeton Emerging Markets	613,370	1.2
		1,643,370	**3.2**
	Europe (4.2%; 28.02.18 - 2.0%)		
95,000	Henderson Eurotrust	978,500	1.9
135,000	TR European Growth Trust	1,148,850	2.3
		2,127,350	**4.2**
	International (24.2%; 28.02.18 - 22.3%)		
453,651	British Empire Trust	3,239,068	6.3
110,876	Caledonia Investments	3,276,386	6.4
110,688	Hansa	1,206,499	2.4
89,029	Hansa 'A'	899,193	1.8
413,248	LF Ruffer Equity & General	1,924,084	3.8
2,435,663	Schroder Global Recovery	1,811,646	3.5
		12,356,876	**24.2**

Holding or nominal value of positions		Bid market value £	Percentage of total net assets %
	Japan (2.6%; 28.02.18 - 2.1%)		
1,300,000	AVI Japan Opportunity	1,332,500	2.6
		1,332,500	**2.6**
	Mining and Resources (11.1%; 28.02.18 - 11.1%)		
2,503,076	Baker Steel Resources Trust	1,176,446	2.3
107,420	Blackrock Gold & General	973,011	1.9
579,817	Blackrock World Mining Trust	2,087,341	4.1
114,671	Merian Gold & Silver	1,402,452	2.8
		5,639,250	**11.1**
	Private Equity (11.0%; 28.02.18 - 16.6%)		
53,537	HG Capital	1,068,063	2.1
305,251	ICG Enterprise	2,521,373	4.9
24,500	Pantheon International	507,150	1.0
1,800,000	Woodford Patient Capital Trust	1,504,800	3.0
		5,601,386	**11.0**
	Property (1.0%; 28.02.18 - 2.0%)		
140,229	TR Property Investment Trust	530,767	1.0
		530,767	**1.0**
	Specialist - Biotechnology (1.0%; 28.02.18 - 0.9%)		
85,000	International Biotechnology	523,600	1.0
		523,600	**1.0**
	Specialist - Technology (1.2%; 28.02.18 - 1.5%)		
48,000	Herald Investment Trust	588,000	1.2
		588,000	**1.2**

Holding or nominal value of positions		Bid market value £	Percentage of total net assets %
	Specialist - Utilities (4.6%; 28.02.18 - 3.2%)		
829,500	Ecofin Global Utilities and Infrastructure	1,053,465	2.1
1,235,451	LF Miton Global Infrastructure Income	1,265,349	2.5
		2,318,814	**4.6**
	UK Growth (4.4%; 28.02.18 - 6.1%)		
890,669	Man GLG UK Undervalued Assets	1,419,726	2.8
73,374	Polar Capital UK Value Opportunities	829,858	1.6
		2,249,584	**4.4**
	UK Income (4.0%; 28.02.18 - 2.5%)		
564,759	JOHCM UK Equity Income	2,057,983	4.0
		2,057,983	**4.0**
	UK Smaller Companies (7.6%; 28.02.18 - 6.6%)		
127,000	Aberforth Smaller Companies	1,564,640	3.1
1,400,000	Odyssean Investment Trust	1,379,000	2.7
88,314	TB Amati UK Smaller Companies	936,028	1.8
		3,879,668	**7.6**
	Portfolio of investments	**48,451,522**	**95.0**
	Net other assets	**2,539,145**	**5.0**
	Total net assets	**50,990,667**	**100.0**

Asset Class	Asset class allocation as at 28 February 2019 (%)	Asset class allocation as at 28 February 2018 (%)
Investment Trusts	62.5	63.5
Collective Investment Schemes	32.5	34.8
Cash and Other	5.0	1.7
Total	**100.0**	**100.0**

TB WISE MULTI-ASSET GROWTH, SUMMARY OF FUND PERFORMANCE

B Accumulation Shares	1 Mar 2018 to 28 Feb 2019 (pence per share)	1 Mar 2017 to 28 Feb 2018 (pence per share)	1 Mar 2016 to 28 Feb 2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	320.40	287.53	209.57
Return before operating charges*	12.39	35.69	80.29
Operating charges	(2.92)	(2.82)	(2.33)
Return after operating charges*	9.47	32.87	77.96
Distributions	(2.50)	(3.18)	(2.35)
Retained distributions on accumulation shares	2.50	3.18	2.35
Closing net asset value per share	329.87	320.40	287.53
* after direct transaction costs of:	0.24	0.42	0.27
Performance			
Return after charges	2.96%	11.43%	37.20%
Other information			
Closing net asset value	£18,663,369	£17,883,386	£48,309,175
Closing number of shares	5,657,763	5,581,603	16,801,299
Operating charges (p.a.)	1.18%	1.20%	1.15%
Direct transaction costs (p.a.)	0.07%	0.14%	0.11%
Prices			
Highest published share price	337.38	335.55	290.11
Lowest published share price	313.39	287.37	210.77

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.

TB WISE MULTI-ASSET GROWTH, SUMMARY OF FUND PERFORMANCE (CONTINUED)

A Accumulation Shares	1 Mar 2018 to 28 Feb 2019 (pence per share)	1 Mar 2017 to 28 Feb 2018 (pence per share)	1 Mar 2016 to 28 Feb 2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	292.85	264.49	194.02
Return before operating charges*	11.29	32.84	74.03
Operating charges	(4.60)	(4.48)	(3.56)
Return after operating charges*	6.69	28.36	70.47
Distributions	(0.33)	(1.22)	(0.70)
Retained distributions on accumulation shares	0.33	1.22	0.70
Closing net asset value per share	299.54	292.85	264.49
* after direct transaction costs of:	0.22	0.39	0.25
Performance			
Return after charges	2.28%	10.72%	36.32%
Other information			
Closing net asset value	£377,768	£526,725	£188,785
Closing number of shares	126,116	179,863	71,378
Operating charges (p.a.)	1.83%	1.85%	1.80%
Direct transaction costs (p.a.)	0.07%	0.14%	0.11%
Prices			
Highest published share price	307.47	306.96	266.89
Lowest published share price	284.86	264.22	195.13

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.

TB WISE MULTI-ASSET GROWTH, SUMMARY OF FUND PERFORMANCE (CONTINUED)

W Accumulation Shares	1 Mar 2018 to 28 Feb 2019 (pence per share)	1 Mar 2017 to 28 Feb 2018 (pence per share)	9 Dec 2016[1] to 28 Feb 2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	321.48	287.76	266.45
Return before operating charges*	12.44	35.78	21.76
Operating charges	(2.11)	(2.06)	(0.45)
Return after operating charges*	10.33	33.72	21.31
Distributions	(3.33)	(3.96)	(0.06)
Retained distributions on accumulation shares	3.33	3.96	0.06
Closing net asset value per share	331.81	321.48	287.76
* after direct transaction costs of:	0.24	0.43	0.07
Performance			
Return after charges	3.21%	11.72%	8.00%
Other information			
Closing net asset value	£31,949,530	£36,728,699	£15,827
Closing number of shares	9,629,008	11,425,039	5,500
Operating charges (p.a.)	0.93%	0.95%	0.90%
Direct transaction costs (p.a.)	0.07%	0.14%	0.11%
Prices			
Highest published share price	338.88	336.57	290.31
Lowest published share price	315.10	287.67	266.45

1 The W Shares were launched on 9 December 2016.

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.

TB WISE MULTI-ASSET GROWTH, STATEMENT OF TOTAL RETURN

For the year ended 28 February 2019

	Notes	£	28.02.19 £	28.02.18 £
Income				
Net capital gains	2		1,329,780	4,987,589
Revenue	3	873,378		1,013,399
Expenses	4	(386,640)		(406,407)
Interest payable and similar charges	6	-		(36)
Net revenue before taxation		486,738		606,956
Taxation	5	(914)		(329)
Net revenue after taxation			485,824	606,627
Total return before distributions			**1,815,604**	**5,594,216**
Distributions	6		(485,826)	(606,849)
Change in net assets attributable to shareholders from investment activities			**1,329,778**	**4,987,367**

Note: All of the Company's and sub-fund's results are derived from continuing operations.

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2019

	Notes	£	28.02.19 £	28.02.18 £
Opening net assets attributable to shareholders			**55,138,810**	**48,513,787**
Movements due to sales and repurchases of shares:				
Amounts receivable on issue of shares		19,050,775		73,736,051
Amounts payable on cancellation of shares		(25,021,701)		(72,729,138)
			(5,970,926)	1,006,913
Dilution levy			31,264	-
Change in net assets attributable to shareholders from investment activities			1,329,778	4,987,367
Retained distributions on accumulation shares	6		461,741	630,743
Closing net assets attributable to shareholders			**50,990,667**	**55,138,810**

TB WISE MULTI-ASSET GROWTH, BALANCE SHEET
As at 28 February 2019

	Notes	28.02.19 £	28.02.18 £
Assets:			
Fixed assets:			
Investments		48,451,522	54,180,080
Current assets:			
Debtors	7	202,816	75,111
Cash and bank balances	8	2,559,556	1,712,866
Total assets		**51,213,894**	**55,968,057**
Liabilities:			
Creditors:			
Other creditors	9	223,227	829,247
Total liabilities		**223,227**	**829,247**
Net assets attributable to shareholders		**50,990,667**	**55,138,810**

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of UK Authorised Funds issued by the Investment Association in May 2014.

As described in the Statement of the Authorised Corporate Director's Responsibilities, the ACD continues to adopt the going concern basis in the preparation of the financial statements of the Fund.

(b) Functional currency

The functional currency used in the financial statements is Pound Sterling because it is the currency of the primary economic environment in which the Company operates.

(c) Recognition of revenue

Dividends and distributions on holdings, net of any irrecoverable tax credits, are recognised when the underlying transferable security or collective investment scheme is quoted ex-dividend or ex-distribution. Bank interest and management fee rebates are accounted for on an accruals basis. All revenue is recognised on the condition that the flow of economic benefits is probable and the amount can be measured reliably.

(d) Treatment of stock dividends

Stock dividends are credited to the capital account when the stock is quoted ex-dividend. The cash equivalent is then transferred to the revenue account and forms part of the distributable revenue.

The allocation of special dividends is considered on a case-by-case basis in determining whether the dividend is to be treated as revenue or capital.

(e) Equalisation on distributions

Equalisation on revenue distributions received from underlying holdings in collective investment schemes is treated as a return of capital.

(f) Treatment of expenses

All expenses, except those relating to the purchase and sale of investments, are allocated to the revenue account on an accrual basis.

(g) Allocation of revenue and expense to multiple share classes

Any assets or liabilities not attributable to a particular share class will be allocated by the ACD in a manner which is considered fair to shareholders in general, usually pro-rata based on the net asset values of the relevant share classes.

1. Accounting policies (continued)

(h) Taxation/deferred taxation

Corporation tax is provided for on taxable revenue, less deductible expenses, at a rate of 20%. This is the rate that has been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided for in respect of all items that have been included in these financial statements, or those of a previous period, that will be included in future periods for taxation purposes, other than those timing differences regarded as permanent. Any liability to deferred tax is provided for at the rate of tax expected to apply to the reversal of timing difference.

(i) Distribution policy

Net revenue produced by the Fund's investments is accrued six-monthly. At the end of each period the revenue, less the expenses allocated to the revenue account, is accumulated at the discretion of the Investment Manager, as per the prospectus.

(j) Exchange rates

Assets and liabilities in overseas currencies at the year-end are translated into Sterling at the latest available rates of exchange on the balance sheet date. Transactions in overseas currencies occurring during the year are recorded at the rate of exchange on the date of the transaction.

(k) Financial instruments

Financial assets and financial liabilities are recognised in the Fund's balance sheet when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at transaction price (including transaction costs) and subsequently measured at amortised cost, except for the Fund's investments classified as financial assets at fair value through profit or loss, which are initially recognised at fair value (excluding transaction costs).

The investments are measured at closing prices on the balance sheet date, with any gains or losses arising on measurement recognised in the statement of total return. If closing prices are not available, the latest available prices are used. If separate offer and bid prices are quoted for shares or units, then the bid price is used. If no price or recent available price exists, the investments are valued at a price which, in the opinion of the ACD, reflects the fair value of the asset. This may involve the use of an appropriate valuation technique/methodology.

2. Net capital gains

	28.02.19 £	28.02.18 £
Non-derivative securities	1,330,975	4,978,881
Currency gains	-	9,648
Transaction charges	(1,195)	(940)
Net capital gains	**1,329,780**	**4,987,589**

3. Revenue

	28.02.19 £	28.02.18 £
UK franked distributions	183,515	93,250
UK unfranked distributions	4,569	1,645
UK franked dividends	685,294	902,705
Overseas dividends	-	15,453
Bank interest	-	65
Unfranked income currency gains	-	281
Total revenue	**873,378**	**1,013,399**

4. Expenses

	28.02.19 £	28.02.18 £
Payable to the ACD, associates of the ACD and agents of either:		
Annual management charge	312,385	340,990
Registration fees	7,451	4,718
Administration fees	33,902	25,572
	353,738	371,280
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fees	22,231	24,591
Safe custody fees	1,247	1,273
	23,478	25,864
Other expenses:		
Audit fee	6,822	6,600
Tax fee	2,352	2,280
FCA fee	166	259
Other expenses	84	124
	9,424	9,263
Total expenses	**386,640**	**406,407**

	28.02.19 £	28.02.18 £
Fees payable to the company auditor for the audit of the companies annual financial		
Total audit fee	**6,822**	**6,600**
Total non audit fees - Tax compliance services	**2,352**	**2,280**

5. Taxation

(a) Analysis of the charge in the year

	28.02.19 £	28.02.18 £
Analysis of charge in the year		
Irrecoverable income tax	914	329
Total current tax for the year (see note 5(b))	**914**	**329**
Deferred tax (see note 5(c))	-	-
Total taxation for the year	**914**	**329**

(b) Factors affecting the current taxation charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised Open-Ended Investment Company (20%). The differences are explained below:

	28.02.19 £	28.02.18 £
Net revenue before taxation	486,738	606,956
Corporation tax at 20%	97,348	121,391
Effects of:		
Revenue not subject to taxation	(173,762)	(202,282)
Excess expenses for which no relief taken	76,414	80,891
Irrecoverable income tax	914	329
Current tax charge for the year (see note 5(a))	**914**	**329**

(c) Provision for deferred tax

At the 28 February 2019 the Fund had surplus management expenses of £4,244,434 (28 February 2018: £3,862,363). The deferred tax asset in respect of this would be £848,887 (28 February 2018: £772,473). It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised at the year-end or at the previous year end (see note 5(a)). Changes in tax laws and rates may affect recorded deferred tax assets and liabilities and our effective tax rate in the future.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	28.02.19 £	28.02.18 £
Interim - Accumulation (31 Aug)	217,438	438,781
Final - Accumulation (28 Feb)	244,303	191,962
	461,741	630,743
Add: Revenue deducted on cancellation of shares	63,909	162,688
Deduct: Revenue received on issue of shares	(39,824)	(186,582)
Net distribution for the year	**485,826**	**606,849**
Interest	-	36
Total finance costs	**485,826**	**606,885**
Reconciliation to net distribution for the year		
Net revenue after taxation for the year	485,824	606,627
Income currency losses	2	(23)
Losses transferred to capital	-	245
Net distribution for the year	**485,826**	**606,849**

Details of the distributions per share are set out on page 41.

7. Debtors

	28.02.19 £	28.02.18 £
Amounts receivable for issue of shares	158,182	37,512
Accrued revenue	44,618	37,575
Prepayments	16	24
Total debtors	**202,816**	**75,111**

8. Cash and bank balances

	28.02.19 £	28.02.18 £
Cash and bank balances	2,559,556	1,712,866
Total cash and bank balances	**2,559,556**	**1,712,866**

9. Other creditors

	28.02.19 £	28.02.18 £
Amounts payable for cancellation of shares	185,533	287,557
Purchases awaiting settlement	-	501,797
Accrued annual management charge	23,528	25,182
Accrued registration fees	531	684
Accrued administration fees	2,503	2,986
Accrued depositary fees	1,654	1,790
Accrued custody fees	304	346
Accrued audit fees	6,822	6,600
Accrued tax fees	2,352	2,280
Debit interest payable	-	25
Total creditors	**223,227**	**829,247**

10. Related party transactions

The ACD is regarded as a related party of the Fund. The ACD acts as either agent or principal for the Depositary in respect of all transactions in the Fund's shares. The aggregate monies received through issue and paid on cancellation are disclosed in the statement of change in net assets attributable to shareholders. As at the balance sheet date, there were no shares held by the ACD, the Depositary or associates of either the ACD or the Depositary. As at the balance sheet date there was one nominee shareholder that held 64% of the Fund's total net asset value. As at 28 February 2019, the Fund held 88,314 shares in TB Amati UK Smaller Companies of which T. Bailey Fund Services Limited is also the Authorised Corporate Director. Details of transactions occurring during the accounting period with the ACD and the Depositary, and any balances due at the year end, are fully disclosed in notes 4 and 9 of the financial statements.

11. Share classes

As at the balance sheet date the Fund had three share classes. The following table shows a breakdown of the change in shares in issue of each share class in the year:

	B Accumulation
Opening shares at the start of the year	5,581,602.800
Total creation of shares in the year	3,699,297.269
Total cancellation of shares in the year	(3,623,137.300)
Closing shares at the end of the year	**5,657,762.769**

	A Accumulation
Opening shares at the start of the year	179,863.167
Total creation of shares in the year	43,194.596
Total cancellation of shares in the year	(96,941.641)
Closing shares at the end of the year	**126,116.122**

	W Accumulation
Opening shares at the start of the year	11,425,038.879
Total creation of shares in the year	2,068,402.396
Total cancellation of shares in the year	(3,864,432.898)
Closing shares at the end of the year	**9,629,008.377**

As at the balance sheet date the annual management charge of each share class was as follows:

A Accumulation shares 1.40% p.a., B Accumulation shares 0.75% p.a. and W Accumulation shares 0.50% p.a.

The net asset value of each share class, the net asset value per share, and the number of shares in each share class are given in the Summary of Fund Performance tables on pages 23 to 25. The distributions per share are given in the distribution tables on page 41. Income, and the associated tax, which is not attributable to a particular share class is allocated by the ACD in a manner which is considered fair to shareholders in general, usually pro-rata based on the net asset values of the share classes. All share classes have the same rights on winding up.

12. Risk management policies

In pursuing the investment objectives financial instruments are held which may expose the Fund to various types of risk. The main risks inherent in the investment portfolio, and the ACD's policies for managing these risks, which were applied consistently throughout the year, are set out below:

(a) Currency exposures

The Fund's financial assets are mainly invested in investment trusts and other collective investment schemes whose prices are generally quoted in Sterling. The Fund may also invest in trusts and other schemes whose prices are quoted in other currencies. As it didn't do so at the year end, there was no direct currency exposure.

In addition, the Fund's investments have an indirect exposure to exchange rate movements on the underlying investments of the investment trusts and collective investment schemes that are held in foreign currencies. Movements in exchange rates will impact on the prices of such underlying investments and as a result may affect the value of the Fund.

(b) Cash flow risk and interest rate risk profile of financial assets and liabilities

The Fund's revenue is mainly received from holdings in investment trusts and other collective investment schemes. The revenue cash flow from these and from their underlying investments may fluctuate depending upon decisions made by the companies in which they invest. The Fund does not have any long term financial liabilities.

The Fund is affected by the impact of movements in interest rates on its own cash balances and on certain underlying investments held by the investment trusts and collective investment schemes in which it invests. The direct exposure to interest rate risk as at the balance sheet date is shown in the following table:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
28.02.19						
Sterling	2,560	-	48,654	-	(223)	50,991
28.02.18						
Sterling	1,713	-	54,255	-	(829)	55,139

Short term debtors and creditors are included as non-interest bearing financial assets and liabilities in the above table. The floating rate financial assets and liabilities comprise: Sterling denominated bank account balances that bear interest at the Bank of England base rate less 75 basis points (to a minimum of NIL) and overdrafts that bear interest at the Bank of England base rate plus 100 basis points. Non-interest bearing financial assets and liabilities mainly comprise investments that do not have a maturity date. Cash flow risk and interest rate risk is managed by only holding cash at reputable financial institutions.

12. Risk management policies (continued)

(b) Cash flow risk and interest rate risk profile of financial assets and liabilities (continued)

Changes in interest rates would have no material impact to the valuation of floating rate financial assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

(c) Liquidity risk

All of the Fund's underlying financial assets are considered to be readily realisable. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its net asset value to ensure settlement. All of the Fund's financial liabilities are payable on demand or in less than one year.

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk. Cash is held with reputable credit institutions and credit risk is assessed on a regular basis.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. The Fund only buys and sells investments through brokers which have been approved by the ACD as an acceptable counterparty and these are reviewed on an ongoing basis.

(e) Market price risk

The value of shares/units in the underlying investments is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual share/unit held within an underlying investment or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio.

The Investment Manager seeks to minimise these risks by holding diversified portfolios of collective investment schemes and transferable securities in line with the investment objectives. In addition, the management of the Fund complies with the Financial Conduct Authority's Collective Investment Schemes sourcebook, which includes rules prohibiting a holding greater than 20% of the assets of the Fund in any one underlying investment.

If the value of shares/units in the underlying investments were to increase or decrease by 10% the change in the net asset value of the Fund would be £4,845,152 (28 February 2018: £5,418,008). This calculation assumes all other variables remain constant.

12. Risk management policies (continued)

(f) Fair value of financial assets and liabilities

	INVESTMENT ASSETS	
	28 February 2019	28 February 2018
Valuation technique	£	£
Level 1: Quoted Prices	31,846,161	34,947,251
Level 2: Observable Market Data	16,605,361	19,232,829
Level 3: Unobservable Data	-	-
	48,451,522	**54,180,080**

As at the year-end there were no investment liabilities (28 February 2018: £nil). There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

(g) Commitments on derivatives

No derivatives were held at the balance sheet date (28 February 2018: £nil).

13. Transaction costs

(a) Direct transaction costs

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties incurred when purchasing and selling the underlying securities. In addition to the direct transaction costs below, indirect costs are incurred through the bid-offer spread. It is not possible for the ACD to quantify these indirect costs. A breakdown of the purchases and sales, and the related direct transaction costs incurred by the Fund in the year are shown in the table below:

	28.02.19		28.02.18	
	£		£	
Analysis of total purchase costs				
PURCHASES				
Collective Investment Schemes	4,137,990		12,932,454	
Investment Trusts	9,366,223		12,342,427	
Net purchases before direct transaction costs	13,504,213		25,274,881	
DIRECT TRANSACTION COSTS		**% of total purchases**		**% of total purchases**
Collective Investment Schemes	10	0.00%	-	0.00%
Investment Trusts	30,245	0.22%	60,070	0.24%
Total direct transaction costs	30,255	0.22%	60,070	0.24%
Gross purchases total	**13,534,468**		**25,334,951**	
Analysis of total sale costs				
SALES				
Collective Investment Schemes	7,032,323		5,001,542	
Investment Trusts	13,757,841		19,019,565	
Gross sales before direct transaction costs	20,790,164		24,021,107	
DIRECT TRANSACTION COSTS		**% of total sales**		**% of total sales**
Investment Trusts	(8,995)	0.04%	(11,854)	0.05%
Total direct transaction costs	(8,995)	0.04%	(11,854)	0.05%
Net sales total	**20,781,169**		**24,009,253**	

13. Transaction costs (continued)

(a) Direct transaction costs (continued)

	28.02.19 £	% of ave NAV	28.02.18 £	% of ave NAV
Analysis of total direct transaction costs				
Collective Investment Schemes	10	0.00%	-	0.00%
Investment Trusts	39,240	0.07%	71,924	0.14%
Total direct transaction costs	**39,250**	**0.07%**	**71,924**	**0.14%**

(b) Average portfolio dealing spread

The average portfolio dealing spread of the investments at the balance sheet date was 0.73% (28 February 2018: 0.69%). This is calculated as the difference between the offer and bid value of the portfolio as a percentage of the offer value.

14. Capital commitments and contingent liabilities

The Fund had no capital commitments or contingent liabilities at the balance sheet date (28 February 2018: £nil)

15. Post balance sheet events

Subsequent to the year-end, the net asset value per share of the B Accumulation shares has increased from 329.87p to 332.10p as at 28 May 2019. This movement takes into account routine transactions but also reflects the market movements of recent months. There are no post balance sheet events which require adjustments at the year-end.

TB WISE MULTI-ASSET GROWTH, DISTRIBUTION TABLE

For the year ended 28 February 2019

Interim Distribution (31 August 2018)

Group 1 - Shares purchased on or prior to 28 February 2018
Group 2 - Shares purchased after 28 February 2018

Shares	Revenue (pence)	Equalisation[1] (pence)	Paid/Accumulated 31.10.18 (pence)	Paid/Accumulated 31.10.17 (pence)
B Accumulation				
Group 1	1.1657	-	1.1657	2.3255
Group 2	0.5450	0.6207	1.1657	2.3255
A Accumulation				
Group 1	0.0631	-	0.0631	1.2246
Group 2	-	0.0631	0.0631	1.2246
W Accumulation				
Group 1	1.5836	-	1.5836	2.6989
Group 2	1.0167	0.5669	1.5836	2.6989

Final Distribution (28 February 2019)

Group 1 - Shares purchased on or prior to 31 August 2018
Group 2 - Shares purchased after 31 August 2018

Shares	Revenue (pence)	Equalisation[1] (pence)	Paid/Accumulated 30.04.19 (pence)	Paid/Accumulated 30.04.18 (pence)
B Accumulation				
Group 1	1.3371	-	1.3371	0.8564
Group 2	0.4706	0.8665	1.3371	0.8564
A Accumulation				
Group 1	0.2641	-	0.2641	-
Group 2	-	0.2641	0.2641	-
W Accumulation				
Group 1	1.7480	-	1.7480	1.2617
Group 2	1.3824	0.3656	1.7480	1.2617

[1] Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

TB WISE MULTI-ASSET INCOME, AUTHORISED STATUS

The Fund is a sub-fund of TB Wise Investment Funds with investment powers equivalent to those of a UCITS Scheme as defined in the Glossary to the Financial Conduct Authority ('FCA') Handbook.

INVESTMENT OBJECTIVE AND POLICY

The investment objectives of TB Wise Multi-Asset Income are to provide a yield in excess of the Cboe UK All Companies Index with the potential to provide income growth and capital growth over the medium to long term in line with, or better than, the rate of UK inflation (based on the Bank of England's preferred measure of UK inflation, which is currently the Consumer Prices Index (CPI)). Investors should note that their capital is at risk and that there is no guarantee that a positive return will be achieved over any time period. The fund will have exposure to multiple asset classes. The fund will invest in a diversified portfolio which may include collective investment schemes, equities including investment trusts, bonds, Government securities, money market instruments, deposits and cash. The fund may also use derivatives for the purpose of efficient portfolio management from time to time. There will be no restriction on allocations between asset classes or geographic regions.

ONGOING CHARGES FIGURE

The Ongoing Charges Figure ('OCF') provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the Annual Management Charge, but also includes the costs for other services paid in respect of Depositary, custody, FCA and audit fees. The OCFs, as calculated in accordance with ESMA guidelines, are disclosed as 'Operating charges (p.a.)' in the Summary of Fund Performance tables on pages 59 to 64.

Please note that the maximum level of management fees which may be charged to any collective investment scheme in which the Fund invests is 6%.

SYNTHETIC RISK AND REWARD INDICATOR

The Synthetic Risk and Reward Indicator demonstrates in a standard format where the Fund ranks in terms of its potential risk and reward. It is based on historical performance data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The indicator uses a scale of 1 to 7. The higher the rank the greater the potential reward but the greater the risk of losing money. The lowest category does not mean a fund is a risk free investment.

The Fund is in risk category 4 because it invests in a variety of asset classes, but with a bias towards shares.

RISK PROFILE

The value of investments may go down as well as up in response to general market conditions and the performance of the assets held. Investors may not get back the money which they invested.

There is no guarantee that the Fund will meet its stated objectives and where there is more than one objective there may be periods where not all objectives are being met.

The Fund invests in global shares, with some regions being regarded as more risky. The movements of exchange rates may lead to further changes in the value of investments and the income from them.

Whilst the intention of using derivatives is to reduce risk, this outcome is not guaranteed and derivatives involve additional risks which could lead to losses.

There is a risk that any company providing services such as safe keeping of assets or acting as counterparty to derivatives may become insolvent, which may cause losses to the Fund.

Performance

	Cumulative returns for the periods ended 28 February 2019 (%)		
	1 year	3 years	5 years
TB Wise Multi-Asset Income – A Shares	(2.06)	35.67	37.52
TB Wise Multi-Asset Income – B Shares	(1.42)	38.32	41.84
TB Wise Multi-Asset Income – W Shares*	(1.17)	N/A	N/A
IA Flexible Investment Sector	(1.11)	27.33	32.10
UK Consumer Price Index (CPI)	1.81	7.01	7.34
Cboe UK All Companies Index	1.65	31.20	28.58

**The W Shares were launched on 9 December 2016.*

Performance based on income shares. 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.

Explanation of the TB in TB Wise Multi-Asset Income

T Bailey, a Nottingham-based firm, has been our funds' administrator and Authorised Corporate Director (ACD) since 2007. The ACD is a regulated function which primarily involves ensuring that the fund does not breach any of the FCA's rules. An FCA rule states that where a company manages a fund with its own company name in the title, as in Wise Multi-Asset Income, if the fund uses an external firm as its ACD, then this fact must be designated by inserting the initials of the ACD in the title, as in TB Wise Multi-Asset Income. For brevity, the fund will be referred to as **Wise MAI** in the remainder of this report.

Introduction

This report will discuss the fund's performance during the year ended 28th February 2019 and give a brief summary of the outlook for the coming year.

Investment Objective & Policy

Wise MAI was launched in October 2005. Its three aims remain the same as they were on the day we launched the fund. The aims are to pay an attractive income yield to investors, and to increase the annual income payments, and the fund's share value, at the rate of inflation or better over time. We will discuss our performance against these objectives further on in this report.

Our investment universe is deliberately as broad as possible. **Wise MAI** can invest in any or all of the following asset classes - cash, fixed interest including government stock and company stock (corporate bonds), shares - both listed equities and private equity, commercial property (via investment trusts) and infrastructure funds including renewable energy. We can invest in these assets anywhere in the world, and in whatever proportions we believe will best achieve our stated objectives.

Wise MAI is included in the IA (Investment Association) Flexible Investment sector, which allows us the freedom to invest in the unconstrained fashion which we believe will produce the best overall returns for our investors.

Share Classes

Wise MAI has three classes of shares. The A shares are a legacy share class, with higher charges. At the year-end, only around 1.19% of the fund was in the A shares. The W share class is restricted to investments of over £100m. Figures quoted in this report will refer to the B shares, which the majority of investors hold.

Performance

2016 -7, a stellar year for performance, in which the fund made 33.22%, has been followed by two weaker years, with a total return of 5.33% in 2017-8, and minus 1.42% in the year just ended, 2018-9. Over the last year the fund marginally underperformed the average fund in the IA Flexible sector, which was down 1.11%, and more significantly underperformed its benchmark Cboe UK All-Companies index, a proxy for the UK stock market, which returned 1.65%.

2018-9 was the mirror-image of 2017-8. The earlier year began with three months of strong performance, followed by a steady decline. In 2018-9, the stronger performance came at the end, following very weak market conditions in the last few weeks of 2018. Overall, the fund has seen a prolonged period of consolidation, lasting from the end of May 2017 to the end of 2018. During this time, the assets in our investable universe became steadily cheaper, and their yields rose. **Wise MAI's** dividend yield rose during this period from 4.4% to 5.9%.

Over longer periods the fund's performance has remained well above that of its benchmark, inflation and cash. Over three years, **Wise MAI** made a total return of 38.33%, while the Cboe UK All-Companies index returned 31.20%, and the IA Flexible sector average, 27.33%. Over five years, the fund made a return of 41.85%, while the Cboe UK All-Companies index made 28.58%, and the IA Flexible sector average, 32.10%.

The above figures are based on the accumulation shares, where dividends are reinvested, to reflect the total returns from a fund which produces high levels of income, and correspondingly lower levels of capital return.

Our management of the fund, which gives rise to the performance, is discussed in detail in the Review section.

Volatility

High volatility occurs when asset prices move around violently.

The fund's volatility has risen significantly over the past year, while remaining well below that of the stock market. As at February 28th, **Wise MAI's** three-year annualised volatility was 8.56%, compared to 8.41% a year earlier. The corresponding figures for the Cboe index were 11.03% and 13.00%. The higher numbers reflect higher levels of volatility.

A multi-asset fund such as **Wise MAI** can invest in such disparate asset classes as shares, fixed interest, infrastructure, property and cash. The prices of these assets move in different ways, and sometimes in opposite directions, so by its nature a multi-asset fund should be less volatile than a stock market index. However, the policy of Quantitative Easing (QE) has made the fixed interest markets so expensive as to be uninvestable over the past decade. Infrastructure, which is seen by many investors as a higher-yielding proxy for fixed interest, is also fully valued now, so the fund as currently configured is concentrated in property, listed shares and private equity, which are the three most volatile asset classes in our universe.

We see a deep value opportunity in UK shares. The Brexit process has dominated the political and economic landscape for three years, and still, at the time of writing, the crisis is ongoing, and we continue to await clarification of the long-term arrangements. UK investors prefer to invest in exporting companies, which serve the world's markets rather than the domestic one, while international investors prefer to shun the UK altogether, leaving swathes of the UK market at their cheapest levels of valuation since the Global Financial Crisis (GFC) of 2007-9. While scenes of political chaos appear nightly on our television screens, the stock market has gyrated wildly, attempting to price in each new development. This elevated level of volatility is uncomfortable, but it is a price we are prepared to pay in the short term. With UK shares at their current levels, we have access to attractively high dividend yields, and, we believe, the prospect of an eventual re-rating in the shares of UK companies that serve the domestic economy.

Dividends

Wise MAI's dividend yield was around 5.6% as at February 28th. This means that an investor who invested £100 on that day could expect to receive £5.60 in dividends over the next twelve months. This would happen if the underlying holdings in the fund were to remain unchanged during the year, and if all of them were to pay the same dividend as they had the previous year. In practice, there are always portfolio changes, and there are always dividend increases, and sometimes cuts, so the quoted yield can be no more than a guide.

A year earlier, on February 28th, 2018 the fund's dividend yield was 5.5%, and a year before that, 4.8%. The rising dividend yield is a reflection of the generally lower prices of the assets in our universe. It also reflects our rotational policy of selling holdings when their prices have risen substantially, and their yields have dropped, adding the proceeds to assets when their prices have fallen, and dividend yields have risen.

Investors are prepared to pay more for a secure income than an unreliable one, so a 'safe' income tends to be a lower one. We assess each asset on its own merits and come to our own conclusion on risk. We believe that the market gets it right a lot of the time, but not always. In an over-valued market, it gets harder and harder to find high income streams that aren't also offputtingly risky, and in such times, we prefer to accept a lower-yielding asset, rather than one that continues to pay a higher income, but with a high risk of dividend cuts and capital losses. On a scale of 1-10, where 1 is cheap, with high, safe dividend streams widely available in all asset classes, and 10 is the opposite, we would judge today's market to be around a 6.

The fund will be switching from quarterly to monthly payments in the near future. The last quarterly ex-dividend date will be June 1st. The first monthly ex-dividend date will be July 1st, with monthly dividend payments commencing two months after that. This change will make no difference to the amount of dividend income that the fund pays, but it will shorten the interval between when the fund receives a payment and when investors receive it.

Ongoing Charges Figure

Wise MAI's OCF was 0.88% as at February 28th. It is pleasing to report a figure which has been reducing steadily over the years, and is now, at well below 1.0%, attractively priced relative to the fund's peers. The fund's OCF today is 40% lower than it was seven years ago.

The OCF reflects two variables - changes in the size of the fund, and the proportion of the fund held direct, rather than through other funds. The OCF will fall if the fund grows, or if we hold a higher proportion of it directly. Over the course of the year, the fund size remained roughly the same, but the proportion held directly increased to 68%, from 56% a year earlier, and 55% two years ago.

The proportion of direct holdings is unlikely to grow above its current level.

OCF	28.02.19	28.02.18	29.02.17	28.02.16	28.02.15	28.03.14	29.02.13	28.02.12
'B' shares % p.a.	0.88	0.87	0.93	0.99	1.19	1.34	1.43	1.46

Fund Size

The fund size as at February 28th was £ 110.7m, up 3% on the year.

Where Wise MAI Invests

The table below shows how **Wise MAI** was invested at the year-end. We have included the comparable figures for the previous year-end, which shows that there have been only minor changes in overall asset allocation over the year.

	28th February 2019		**28th February 2018**	
Shares				
UK	61.7		58.3	
Overseas	16.0	**77.7**	11.2	**69.5**
Fixed Interest				
UK	0		1.2	
Overseas	0	**0**	0	**1.2**
Property				
UK Commercial Property		**14.0**		**14.3**
Private Equity		**5.8**		**6.7**
Renewable Energy		**0**		**0.8**
Cash		**2.5**		**7.5**
		100.0		**100.0**

The full list of holdings at the balance sheet date is shown in the Portfolio Statement on pages 55 to 58.

Review

Investment principles

The price of **Wise MAI** fluctuates from one year to the next, but the process, and the principles which inform the management of the fund, do not change, and it may be useful to reiterate them here.

Whether investing in companies or in funds, we invest primarily in people. We don't know what the future has in store, but we believe that we are best equipped to cope with it, if we place our shareholders' money in the hands of experienced people with energy and sound judgement, who we believe care deeply about the institutions they manage, and who are able to explain their plans to us in a clear and credible way.

We aim to invest in these companies and funds at times when their share prices are significantly below our estimate of their fair values, and even though our respect for them doesn't change, we will sell once the valuations rise to levels we aren't comfortable with.

We believe we can serve our shareholders best by adopting the widest possible investment remit, so that when certain asset classes become dangerously expensive, we have the best chance of finding value in others.

We prefer not to invest in the tobacco and gambling industries, or the arms trade, and have avoided these areas for many years. We strongly believe in renewable energy, though even in this area we will not invest when the assets do not meet our valuation criteria.

We prefer to invest in entities which serve people's needs rather than their whims.

Though the fund's remit is global, we will not invest in areas where we can't be sure that property rights or the rule of law will be upheld – Russia, for example, though we may not be able entirely to avoid minor holdings in generalist global or emerging markets funds.

As this is an income fund, we do not invest in any asset which doesn't pay an income, with an unofficial minimum of 2.5 – 3.0%.

2018-9

This review will briefly cover the political and economic backdrop, discuss the performance of the different elements of the fund, and end with a more in-depth review of the UK construction and retail sectors, the ones which have had the biggest negative impact on the fund's performance during the year.

Background

Rising interest rates

Investment markets thrive at times of steady but unremarkable economic growth, low interest rates, peace and political stability. In 2018-9, there was plenty in the background to unsettle the financial markets.

Following the GFC, central banks attempted to kick-start recovery by reducing interest rates almost to zero (the Zero Interest-Rate policy, or ZIRP) and by buying vast quantities of government bonds (known as Quantitative Easing, or QE). Ten years later, interest rates are still at rock-bottom levels, and central banks continue holding the bonds that they have bought. In due course these policies will need to be reversed. The most progress has been made in the US, where interest rates have been raised to the range 2.25-2.50%, and the Federal Reserve has begun to sell its bonds back into the market. ZIRP and QE were intended as stimulants, so reversing them will have a correspondingly restraining effect on economic growth and investment markets. Central bankers believed last year that conditions were robust enough to withstand the effects of policy reversal, but investors weren't so sure. As interest rates in the US rose, the two-year government bond yield threatened to rise above the 10-year rate, an event which is closely watched by commentators as in the past it has had a high degree of accuracy in predicting recessions. In late autumn, Federal Reserve Chairman Jay Powell stated that the US was far from policy normalisation, meaning that interest rates would need to rise a lot further before reaching an appropriate level for the economy. Investors, already nervous about the possibility of 'policy error', the over-tightening of interest rates, panicked, and a headlong flight from 'risk assets' ensued.

More recently, the Federal Reserve has performed a U-turn, and is now saying that rates will definitely not be raised in 2019 and may even be cut. Financial markets have rebounded in response to this more 'dovish' outlook.

Low global growth

China's economy, now the world's second largest, is the main engine of global economic growth. There have been signs of slowing in the last few months, and the level of debt in the Chinese economy is concerning. Accurate data is in short supply. Some commentators believe that the Chinese economy is robust, but the authorities there are taking no chances, are leaning on the banks to increase their lending and have proposed major tax cuts. Meanwhile, there are signs that the US economy could be slowing down, and Eurozone economies, including the largest, Germany, have been struggling too.

The worrying aspect of interest rates not going up may be that it's because they don't have to. Interest rates are raised to curb excessive economic growth, in the absence of which, there is no need to raise interest rates.

Trade wars

Mr Trump's crusade against (mainly) the Chinese contains a kernel of reality among all the bluster. The world would be a better place if Chinese companies didn't steal intellectual property from their overseas competitors. The threat and then imposition of tariffs have acted as a brake on trading activity, as well as affecting sentiment during the year. The Americans have been saying for the last few weeks that a deal is imminent, and we can only hope that they are right.

Brexit

It is possible to say nothing except that the outcome is as unclear as it was at the time of the referendum, and that the current situation doesn't appear to please anyone.

The UK economy is in remarkably good shape in the circumstances. Employment, at 32.7m, is at an all-time high, while the unemployment rate of 3.9% (EU average 6.5%), is at its lowest for over four decades. The government's finances are at their strongest since before the GFC. Inflation, at 1.8%, is running slightly below the Bank of England's target rate.

On the other hand, alongside the distressing headlines about businesses relocating overseas (Honda, Nissan, Dyson) there is a sense of decisions large and small being deferred until the outcome is known. The period of 'negative real wage growth' (wages rising more slowly than the rate of inflation, leaving people with less spending power) ended around a year ago, but the increasingly fractious Brexit process has discouraged activity. The UK's car fleet, for example, grows steadily older, and at more than 8.5 years, the average car on the road is older than it was 20 years ago. It will be interesting to see whether some kind of policy clarity, following the end of the Brexit process, when it happens, will trigger a release in pent-up demand, from both individuals and companies. Our guess is that it will.

Disruption

Behind all these ephemera, most of which are unlikely to be remembered in ten years' time, the accelerating technology revolution continues, leaving very little untouched. The death of cash, the advent of electric and autonomous vehicles, artificial intelligence and robotics, are changing the way we live in front of our eyes. The vision which fuelled the investment bubble in technology two decades ago is becoming a reality. More than ever, companies are either forces for change, able to adapt, or threatened with extinction. As the pace of change quickens, the future becomes ever less predictable.

TB Wise Multi-Asset Income

The fund invests in assets which the managers believe can deliver a robust and growing income stream a long way into the future. We need to bear macro-economic factors in mind when choosing these assets. An example would be a 'legacy' retailer, who is in the process of being disintermediated by online competition. A retailer with high fixed costs and no competitive advantage would quickly go out of business, and in the last year, many have. The trend towards going out more to drink and less to eat has affected pubs (positively) and restaurants (negatively). The recent pause in the longer-term growth in life expectancy has created a windfall for life insurers.

Things that went well

We began the year with a roughly 10% position in the utilities sector (water and electricity) with holdings in National Grid, Pennon, Centrica and the Ecofin Global Utilities and Infrastructure investment trust. Utilities have traditionally been seen as a safe source of 'defensive' income because of the perennial need for their products, and their status as monopolies. However, they are threatened by regulators who pressure them to invest as much as possible in infrastructure, while keeping customers' bills as low as possible, to the detriment of shareholder returns. The UK water companies are currently negotiating with their regulator OFWAT for the new five-year pricing regime for the period 2021-5, and it is already clear that permitted returns will be lower. The other threat for UK companies is of re-nationalisation. However, we felt that all of these considerations were reflected in the low share prices, and we had international exposure through the Ecofin fund to assets unaffected by the UK-specific renationalisation threat. Three of our holdings in this sector were among the fund's top ten contributors for the year.

We did well to invest in infrastructure, mainly through the HICL investment trust, when it was cheap early in the year, exiting the positions after a few months following a sharp re-rating in the sector.

Other top-ten contributors were Legal & General, Polar Capital Holdings, Morses Club, Rio Tinto, Shoe Zone and Sainsburys. Sainsbury's share price traded for several years in a range between £2.20 and £2.80 until the announcement of the merger with Asda last April, whereupon it jumped to £3.20. It was clear that the deal would be subject to forensic scrutiny by the Capital Markets Authority (the CMA), would face opposition, and would take well over a year to be cleared, so we sold the holding, thinking it would be possible to re-buy it in due course. The CMA's response to the merger was frostier than our worst imaginings – the proposal was flatly rejected. The shares have fallen by a third from where we sold them. Meanwhile, a software upgrade at Sainsbury's Bank experienced a major cost over-run, and price competition in food retail remains intense. We remain on the side-lines for now.

Things that didn't go well

Of the ten biggest detractors to performance, there was one closed ended fund, Princess Private Equity, and nine shares. Four of the shares were in the retail sector – Halfords, Moss Bros, Photo-me and McColls, two were financials – Numis and Aviva, two were in the construction sector – Kier and Telford Homes, and the other was Vodafone.

Retail

The UK is the world's most advanced retail market in terms of the penetration of online sales, with around 20% of all goods purchased online. The trend towards online shopping is accelerating, making physical retailers vulnerable in even the best locations. Their challenges include cost pressures - the National Living Wage, high business rates and higher cost prices for imported goods, as a result of the weaker pound. There have already been many casualties. The survivors will be strongly managed, with strong finances and excellent cost control, and with a factor which enables them to withstand online competition. The whole sector is cheap. Investors are well aware of the adverse environment in which retailers operate, and many expect physical retailing to disappear altogether.

We identified Shoe Zone as a potential survivor three years ago. Shoe Zone has evolved as a family company and retains many of the characteristics of a family business – a large family shareholding, rational, long-term planning, managers with long tenure, and intense attention to detail. Shoe Zone's principal business is sourcing shoes from China and retailing them at extremely competitive prices. Their shops tend to be in secondary locations, where rents are lower at each review. Growth comes from newer 'big box' stores and increasingly from the online channel. Shoe Zone has been a rewarding investment for **Wise MAI**, and at the end of the period paid a dividend which, including a special dividend, came to 8% of the company's value. Shoe Zone has substantial cash and no debt.

Moss Bros appeared to be similarly well-positioned. The company has a very experienced Chief Executive and a healthy balance sheet with plenty of cash and no debt. They had spent a lot on refurbishing stores, with little lumpy capital spending ahead. The main competitor, Austin Reed, had gone out of business. Moss Bros dominates the wedding hire market. The online offering is growing fast, but is still small. We incorrectly assumed that people would buy suits in store rather than online, because of the need to try them on. Moss Bros' problems are partly structural and partly self-inflicted. The wedding hire market has deteriorated rapidly from a supplier's point of view. Men tend to wear suits at weddings (cheap) rather than morning suits (expensive), and often don't need to hire. Moss Bros decided to reduce their suppliers from three to two, but one of the remaining two failed to deliver for several months, losing business which hasn't returned. All the above undermines the long-term business case, and the position is being exited.

McColls had an annus horribilis in 2018. Two of its three suppliers went into administration at almost the same time. There was a Health and Safety issue when a customer was injured falling over scaffolding outside one of their shops. They lost business to the Beast from the East, as customers couldn't get to the shops. The supply issues forced them into bringing the new supply agreement with Morrisons forward. This agreement, using the Safeway brand, should in due course upgrade the offer of higher-margin fresh and chilled convenience foods. Meanwhile supply issues with Morrisons remain unresolved. While this holding has been our biggest detractor in the year, we are continuing to hold it. The management team have long experience and know their market inside out. There is almost no online competition because of the local nature of the stores. The supply issues with Morrisons are being resolved, and the company has scope to cut costs. One should never hold shares in a company on the basis that it might be taken over, but there is a clear synergy with Morrisons, and some stores have begun using the Morrisons fascia on a trial basis.

Construction

Many people consider the construction sector to be of such poor quality as to be uninvestable. The business is inherently cyclical, with work drying up during recessions. Contracts are awarded on wafer-thin profit margins which disappear as soon as anything goes wrong. The sector has experienced skill shortages in the last few years, which will be exacerbated as the ageing workforce retires, and with a reduced supply of workers from eastern Europe, pushing costs up.

The last few years have been challenging for the sector, so much so that two of the largest operators, Carillion and Interserve, have gone into administration in the last year. We believe that the sector's prospects may be about to improve. The public sector has been outsourcing risk to the private sector for years, via long-term fixed price contracts which have not compensated the companies adequately, as well as being an appallingly poor payer. This practice has become a national scandal, and the companies we talk to have all said that they are no longer accepting work on these terms. Increasingly work is offered through frameworks, where contracts are smaller, shorter-term, and more profitable. The government needs to spend more on infrastructure, and at last has the resources to do so. The demise of two large competitors should reduce pressure on the survivors.

Henry Boot takes land through the planning process and sells it to house builders, as well as having a development arm, a small house builder and a tool hire business. Henry Boot is still very much a family business, with prudent finances (debt is currently 6% of the asset value), excellent execution, and careful, long-term planning. 2018's results were slightly below 2017's, which were boosted by the early completion of a couple of large construction projects but were still the second highest in the company's 133-year history. The dividend was increased by 13%, but at the higher level is still covered over three times by profits. The share price has languished during the year on concerns about Brexit, the UK, house building etc but has scope to re-rate. The company has seen no slackening in activity but is suitably cautious on 2019.

Kier has been a frustrating investment again this year. Skeletons have dropped out of their cupboard with alarming regularity, confirming that our judgement of the company's management has been generous to a fault. Kier's new strategy, following on from Vision 2020, was called Future-Proofing Kier (FPK), which mainly involved reducing debt. It's generally believed that construction companies should run with no debt but Kier are indebted following several major acquisitions, May Gurney (services), Mouchel (motorway maintenance) and McNicholas (construction and services). The new strategy turned out to be too little, too late. Banks have become less willing to lend to the sector, while Kier's debt remained inappropriately high. The company rushed into a rights issue (an offer of new shares to existing holders) at a deeply discounted price, but shareholders had become disillusioned, and even at the low level, declined to purchase more shares. Much of the new stock was left with the underwriters. Perhaps Kier expected Interserve to launch a rescue rights issue, and wanted to get theirs in first, but whether this was true or not, the result was an embarrassing disaster which cost the Chief Executive, Haydn Mursell, his job. Kier then announced that its debt, much reduced by the rights issue proceeds, was actually £50m higher than it had realised owing to the timing of certain sales. It then took a £25m charge on the Broadmoor Hospital refurbishment, which it may or may not be able to reclaim from the client. Finally, it turned out that one of the waste disposal contracts, taken on with May Gurney in order to diversify the company out of construction, has become structurally loss-making, and the company has taken a further £26m charge in order to exit the contract early.

We continue to hold Kier, mainly because the new Chief Executive, Alan Davies, who starts on April 15th, is highly regarded with good relevant experience. We look forward to meeting him at an early stage. Kier should be capable of being substantially improved in the right hands (as happened when John Morgan returned to Morgan Sindall, and Leo Quinn went to Balfour Beatty). Kier's shares are now so cheap that there is no point in selling them at present. In September, the new Chief Executive's strategy will be announced with the final results. We hope to see a clear strategy to rationalise the business and repair its balance sheet, otherwise we will sell.

Summary

Against this difficult backdrop, even a long-term winner such as Princess Private Equity has lost money due to an increase in risk aversion. Price weakness in our best holdings is an opportunity for the fund. Princess stands at a higher discount at the end of the year than at the beginning, which reassures us that the holding offers value as well as quality.

The challenging conditions of the last 18 months have revealed weaknesses in holdings which we believed were solid or to which we were prepared, unwisely as it has turned out, to give the benefit of the doubt. Discovering the true state of affairs is always an unpleasant and chastening experience, and these troubled situations always demand a disproportionate amount of management time. The lesson of the last year for us has been the need to redouble our focus on the quality of the assets in which we invest.

The team has been strengthened this year. Vincent and I have been joined in the fund management team by Philip Matthews, formerly of Jupiter and Schroders. Philip has long experience as a fund manager, and deep understanding of UK companies. Philip is working mainly on **Wise MAI**. We were also joined during the year by Jo Scavuzzo-Blake. Jo, who joins from another role within the Partnership, is our Office Manager. I believe that the Wise Funds team is stronger now than at any time in its history.

Our focus is on producing a robust stream of income, which is as far as possible insulated from legal, regulatory, political and economic challenges, and from changes in fashion, both in consumer demand and in financial market perceptions. We continue to question our assumptions, correct mistakes, and to look for new income-producing assets with the right characteristics.

Longer-Term Performance against Aims

First Aim – An Attractive Dividend Yield

When we launched **Wise MAI**, we defined 'an attractive dividend yield' as being roughly equivalent to the best building society interest rate, in order that investors who transferred money from a building society account to the fund should not experience a significant loss of income. At the time, building societies paid around 4.0% net of tax. Today, with the best building societies paying less than 1.0%, this comparison is no longer appropriate.

The yield for new investors is the amount of income the fund pays for a given level of investment. For example, if you invest £ 100, and receive £4 in income in the first year, then the yield is 4%. The yield will tend to drop if markets rise and rise if markets fall. Our continuing aim is to pay an attractive level of income. However, we will not artificially inflate that income by buying assets which we believe aren't capable of sustaining income payments at least at their current levels in the longer term. At February 28th, the fund yield was 5.6%. We believe this yield to be attractive in today's market.

In the absence of anything more appropriate, the fund's official yield target is to exceed the yield of its benchmark Cboe UK All-companies index. The fund has always comfortably exceeded this target.

Second Aim – Increase Income Payments in Line With Inflation or Better

The table below tracks our progress towards meeting this objective. The table takes 2006 as its base year, as that was our first full year of making dividend payments. It shows the dividend payments that have actually been made (column A) and compares them to what would have been paid if we had increased 2006's payment each year since then in line with consumer price inflation (column B). The table shows that we have paid 4.52p more in dividends than would have been the case if the fund's dividend had risen in line with CPI inflation.

We have achieved our second goal so far.

Doing so was made more difficult by the Global Financial Crisis of 2007-9, when dividend payments were slashed across the board and in some cases passed altogether. The table shows that it took four years for **Wise MAI's** dividend to recover to its 2007 level.

Our focus on paying dividends is unwavering. Investors who have held the fund since launch have received 71p in dividends, equivalent to almost three-quarters of their initial investment, over a period of thirteen and a half years.

Year	Dividend declared in year* **(Column A)**		CPI Growth in year (%)	Wise Income's C.P.I.-linked dividend **(Column B)**	Investors gain/(loss) **(A-B)**
2006	4.29				
2007	5.03		+2.4	4.39	0.64
2008	4.60		+3.5	4.54	0.06
2009	4.22		+2.0	4.63	(0.41)
2010	4.95		+2.5	4.75	0.20
2011	5.29		+3.8	4.93	0.36
2012	5.10		+2.6	5.06	0.04
2013	5.35		+2.3	5.18	0.17
2014	5.34		+1.5	5.26	0.08
2015	5.49		+0.4	5.28	0.21
2016	6.05		+1.0	5.33	0.72
2017	6.86		+2.6	5.47	1.39
2018	6.63		+1.8	5.57	1.06
Total					**4.52**

**B Income shares*

Third Aim – Grow the Capital Value in Line with Inflation or Better

Wise MAI's income share price was £1.00 at launch, and £1.1892 on February 28th this year. Since **Wise MAI** was launched in October 2005, the consumer price index (eagle-eyed investors will notice that we are using CPI inflation rather than the older RPI, so that the capital target is aligned with the income one, which uses CPI) has risen by 35.88% to the end of February 2019, so in order to achieve our third aim, the share price needs to be £1.3588 or above. This year's capital loss, 6.5%, has increased the shortfall. Today, the share price would have to be 14.3% higher for this target to be met.

Wise MAI's capital value is still recovering from the huge set-back of the global crisis, when the income share price fell to almost 50p. Investors have seen strong capital gains in the last ten years. We believe that many of the holdings in the fund are significantly undervalued, and in an environment where there is an ever-growing demand for income-producing assets, we are hopeful of inflation-beating capital gains in the foreseeable future.

The fund's long-term performance has been robust. Over ten years, **Wise MAI** has made an overall return of 239.56%, net of all charges, while the average fund in the IA Flexible sector has made 137.53%.

Recognition

Wise MAI holds a four-star Financial Express rating, out of a possible five.

Wise MAI continues to be a Money Observer Rated Fund.

Outlook

The macro-economic environment remains challenging. Our job as investors is to make the best risk-adjusted returns we can in the conditions in which we find ourselves.

We continue to believe that we can make acceptable returns by sourcing investment ideas from the widest possible selection of assets, altering the mix over time as conditions change, and using market movements to fine-tune the portfolio.

We invest in robust income streams, and not in asset prices. The crucial ingredient in any investment we make is its ability to pay an attractive income stream, with the potential to grow over time. We invest in public markets, and we cannot control the price fluctuations of the assets we own. We believe we are careful drivers, but sometimes the other road users are not, and will persist in piling into markets at the top, and then piling out again at the bottom. These investors are adept at constructing narratives to justify their behaviour. We aim to use the volatility created by the herd mentality to our investors' advantage.

We look forward to the year ahead with cautious optimism.

I would like to thank all our investors for your continued support, which is greatly appreciated by us.

Tony Yarrow
Fund Manager
Wise Funds Limited
Chipping Norton, United Kingdom
21 June 2019

Holding or nominal value of positions		Bid market value £	Percentage of total net assets %
	Asia (3.8%; 28.02.18 - 3.1%)		
2,040,000	Aberdeen Asian Income	4,182,000	3.8
		4,182,000	**3.8**
	Business Consultancy (5.5%; 28.02.18 - 1.2%)		
472,163	Braemar Shipping Services	826,285	0.8
233,685	Ricardo	1,402,110	1.3
800,000	RPS Group	1,473,600	1.3
825,000	Tarsus	2,351,250	2.1
		6,053,245	**5.5**
	International (2.0%; 28.02.18 - 0.9%)		
188,000	Murray International	2,195,840	2.0
		2,195,840	**2.0**
	Mid-Cap (0.9%; 28.02.18 - 0.0%)		
500,000	PZ Cussons	952,500	0.9
		952,500	**0.9**
	North America (3.8%; 28.02.18 - 4.0%)		
4,539,350	Middlefield Canadian	4,176,202	3.8
		4,176,202	**3.8**
	Private Equity (5.8%; 28.02.18 - 6.7%)		
309,856	BMO Private Equity Trust	1,062,806	0.9
682,263	Princess Private Equity	5,408,932	4.9
		6,471,738	**5.8**

Holding or nominal value of positions		Bid market value £	Percentage of total net assets %
	Property (14.0%; 28.02.18 - 14.3%)		
605,000	British Land	3,655,410	3.3
3,917,414	Ediston Property Investment	3,976,175	3.6
1,190,505	Impact Healthcare REIT	1,214,315	1.1
840,000	Palace Capital	2,503,200	2.2
200,000	Savills	1,782,000	1.6
1,220,000	U And I	2,393,640	2.2
		15,524,740	**14.0**
	Small-Cap (0.9%; 28.02.18 - 5.6%)		
1,600,000	Alliance Pharma	1,056,000	0.9
		1,056,000	**0.9**
	Specialist - Construction (8.6%; 28.02.18 - 6.5%)		
1,117,953	Boot (Henry)	2,906,678	2.6
294,344	Galliford Try	2,176,674	2.0
460,000	Kier Group	2,398,900	2.2
710,000	Telford Homes	1,977,350	1.8
		9,459,602	**8.6**
	Specialist - Financials (22.1%; 28.02.18 - 11.9%)		
730,000	Aviva	3,089,360	2.8
508,000	Ashmore Group	2,142,744	1.9
792,948	Chesnara	2,814,965	2.6
2,660,000	Legal & General Group	7,463,960	6.7
5,200,000	Lloyds Banking Group	3,302,520	3.0
1,432,500	Morses Club	2,327,813	2.1
730,000	Numis Corporation	1,876,100	1.7
891,940	Randall & Quilter Investment	1,427,104	1.3
31,855	Randall & Quilter Investment (Rights)	-	-
		24,444,566	**22.1**

Holding or nominal value of positions		Bid market value £	Percentage of total net assets %
	Specialist - Resources (7.2%; 28.02.18 - 6.4%)		
1,114,500	Blackrock World Mining Trust	4,012,200	3.6
92,000	Rio Tinto	3,989,120	3.6
		8,001,320	**7.2**
	Specialist - Telecommunications (3.6%; 28.02.18 - 4.3%)		
1,250,000	BT Group	2,683,125	2.4
1,000,000	Vodafone	1,342,800	1.2
		4,025,925	**3.6**
	Specialist - Utilities (5.7%; 28.02.18 - 9.7%)		
2,407,278	Ecofin Global Utilities and Infrastructure	3,057,243	2.8
415,000	Pennon	3,225,380	2.9
		6,282,623	**5.7**
	UK Consumer-Facing (12.1%; 28.02.18 - 15.2%)		
786,000	Halfords	1,858,104	1.7
275,000	Inchcape	1,553,750	1.4
1,000,000	Lookers	1,020,000	0.9
2,600,000	Marston's	2,564,900	2.3
1,350,000	Mccoll'S Retail	764,100	0.7
1,670,948	Moss Bros	419,408	0.4
2,650,277	PhotoMe International	2,520,414	2.3
1,277,795	Shoe Zone	2,721,703	2.4
		13,422,379	**12.1**

Holding or nominal value of positions		Bid market value £	Percentage of total net assets %
	UK Mid-Cap (1.5%; 28.02.18 - 0.0%)		
370,000	Page Group	1,666,480	1.5
		1,666,480	**1.5**
	Portfolio of investments	**107,915,160**	**97.5**
	Net other assets	**2,776,174**	**2.5**
	Total net assets	**110,691,334**	**100.0**

'Fixed Income' sector disinvested since the beginning of the period (28 February 2018: 1.2%).

'Specialist – Aircraft Leasing' sector disinvested since the beginning of the period (28 February 2018: 1.9%).

'Specialist – Clean Energy' sector disinvested since the beginning of the period (28 February 2018: 0.8%).

Asset Class	Asset class allocation as at 28 February 2019 (%)	Asset class allocation as at 28 February 2018 (%)
Investment Trusts	29.8	34.9
Collective Investment Schemes	-	1.2
Equities	67.7	56.4
Cash and Other	2.5	7.5
Total	**100.0**	**100.0**

All holdings in investment trusts, equities and preference shares are listed on recognised stock exchanges.

TB WISE MULTI-ASSET INCOME, SUMMARY OF FUND PERFORMANCE

B Income Shares	1 Mar 2018 to 28 Feb 2019 (pence per share)	1 Mar 2017 to 28 Feb 2018 (pence per share)	1 Mar 2016 to 28 Feb 2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	125.12	125.62	99.54
Return before operating charges*	0.07	7.53	33.17
Operating charges	(1.08)	(1.17)	(1.04)
Return after operating charges*	(1.01)	6.36	32.13
Distributions	(6.63)	(6.86)	(6.05)
Closing net asset value per share	117.48	125.12	125.62
* after direct transaction costs of:	0.30	0.43	0.42
Performance			
Return after charges	(0.81)%	5.06%	32.28%
Other information			
Closing net asset value	£32,225,666	£30,026,261	£46,819,205
Closing number of shares	27,431,598	23,998,256	37,270,068
Operating charges (p.a.)	0.88%	0.87%	0.93%
Direct transaction costs (p.a.)	0.25%	0.32%	0.37%
Prices			
Highest published share price	131.92	137.11	127.43
Lowest published share price	109.55	124.97	98.43

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.

TB WISE MULTI-ASSET INCOME, SUMMARY OF FUND PERFORMANCE (CONTINUED)

B Accumulation Shares	1 Mar 2018 to 28 Feb 2019 (pence per share)	1 Mar 2017 to 28 Feb 2018 (pence per share)	1 Mar 2016 to 28 Feb 2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	240.95	229.67	172.50
Return before operating charges*	(0.13)	13.47	59.02
Operating charges	(2.13)	(2.19)	(1.85)
Return after operating charges*	(2.26)	11.28	57.17
Distributions	(13.02)	(12.75)	(10.70)
Retained distributions on accumulation shares	13.02	12.75	10.70
Closing net asset value per share	238.69	240.95	229.67
* after direct transaction costs of:	0.60	0.80	0.75
Performance			
Return after charges	(0.94)%	4.91%	33.14%
Other information			
Closing net asset value	£36,830,739	£39,807,196	£28,830,183
Closing number of shares	15,430,291	16,521,264	12,552,963
Operating charges (p.a.)	0.88%	0.87%	0.93%
Direct transaction costs (p.a.)	0.25%	0.32%	0.37%
Prices			
Highest published share price	254.03	256.06	231.38
Lowest published share price	220.40	231.26	174.25

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.

TB WISE MULTI-ASSET INCOME, SUMMARY OF FUND PERFORMANCE (CONTINUED)

A Income Shares	1 Mar 2018 to 28 Feb 2019 (pence per share)	1 Mar 2017 to 28 Feb 2018 (pence per share)	1 Mar 2016 to 28 Feb 2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	115.91	117.13	93.41
Return before operating charges*	0.06	7.03	31.04
Operating charges	(1.74)	(1.88)	(1.65)
Return after operating charges*	(1.68)	5.15	29.39
Distributions	(6.15)	(6.37)	(5.67)
Closing net asset value per share	108.08	115.91	117.13
* after direct transaction costs of:	0.28	0.40	0.39
Performance			
Return after charges	(1.45)%	4.40%	31.46%
Other information			
Closing net asset value	£493,558	£688,032	£536,766
Closing number of shares	456,653	593,591	458,282
Operating charges (p.a.)	1.53%	1.52%	1.58%
Direct transaction costs (p.a.)	0.25%	0.32%	0.37%
Prices			
Highest published share price	122.04	127.64	118.83
Lowest published share price	100.93	115.81	92.19

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.

A Accumulation Shares	1 Mar 2018 to 28 Feb 2019 (pence per share)	1 Mar 2017 to 28 Feb 2018 (pence per share)	1 Mar 2016 to 28 Feb 2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	222.57	213.53	161.42
Return before operating charges*	(0.10)	12.55	55.02
Operating charges	(3.42)	(3.51)	(2.91)
Return after operating charges*	(3.52)	9.04	52.11
Distributions	(12.02)	(11.86)	(10.01)
Retained distributions on accumulation shares	12.02	11.86	10.01
Closing net asset value per share	219.05	222.57	213.53
* after direct transaction costs of:	0.55	0.74	0.69
Performance			
Return after charges	(1.58)%	4.23%	32.28%
Other information			
Closing net asset value	£923,267	£1,370,391	£1,133,761
Closing number of shares	421,485	615,719	530,957
Operating charges (p.a.)	1.53%	1.52%	1.58%
Direct transaction costs (p.a.)	0.25%	0.32%	0.37%
Prices			
Highest published share price	234.31	236.75	215.15
Lowest published share price	202.49	214.98	162.73

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.

W Income Shares	1 Mar 2018 to 28 Feb 2019 (pence per share)	1 Mar 2017 to 28 Feb 2018 (pence per share)	9 Dec 2016[1] to 28 Feb 2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	125.62	125.82	118.93
Return before operating charges*	0.07	7.50	7.82
Operating charges	(0.78)	(0.84)	(0.19)
Return after operating charges*	(0.71)	6.66	7.63
Distributions	(6.66)	(6.86)	(0.74)
Closing net asset value per share	118.25	125.62	125.82
* after direct transaction costs of:	0.31	0.43	0.10
Performance			
Return after charges	(0.57)%	5.29%	6.42%
Other information			
Closing net asset value	£31,057,836	£27,830,486	£2,646
Closing number of shares	26,264,102	22,154,178	2,103
Operating charges (p.a.)	0.63%	0.62%	0.68%
Direct transaction costs (p.a.)	0.25%	0.32%	0.37%
Prices			
Highest published share price	132.53	137.37	127.50
Lowest published share price	110.22	125.44	118.35

[1] *W Shares launched 9 December 2016.*

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.

TB WISE MULTI-ASSET INCOME, SUMMARY OF FUND PERFORMANCE (CONTINUED)

W Accumulation Shares	1 Mar 2018 to 28 Feb 2019 (pence per share)	1 Mar 2017 to 28 Feb 2018 (pence per share)	9 Dec 2016[1] to 28 Feb 2017 (pence per share)
Change in net assets per share			
Opening net asset value per share	241.72	229.79	215.95
Return before operating charges*	(0.13)	13.51	14.18
Operating charges	(1.53)	(1.58)	(0.34)
Return after operating charges*	(1.66)	11.93	13.84
Distributions	(13.05)	(12.74)	(1.34)
Retained distributions on accumulation shares	13.05	12.74	1.34
Closing net asset value per share	240.06	241.72	229.79
* after direct transaction costs of:	0.60	0.80	0.18
Performance			
Return after charges	(0.69)%	5.19%	6.41%
Other information			
Closing net asset value	£9,160,268	£7,351,943	£8,592
Closing number of shares	3,815,813	3,041,488	3,739
Operating charges (p.a.)	0.63%	0.62%	0.68%
Direct transaction costs (p.a.)	0.25%	0.32%	0.37%
Prices			
Highest published share price	254.99	256.80	231.51
Lowest published share price	221.57	231.40	214.90

[1] *W Shares launched 9 December 2016.*

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.

TB WISE MULTI-ASSET INCOME, STATEMENT OF TOTAL RETURN
For the year ended 28 February 2019

	Notes	£	28.02.19 £	28.02.18 £	
Income					
Net capital losses	2		(6,449,882)		(880,165)
Revenue	3	6,156,974		5,169,051	
Expenses	4	(902,876)		(816,807)	
Interest payable and similar charges	6	(16)		(21)	
Net revenue before taxation		5,254,082		4,352,223	
Taxation	5	-		(6,350)	
Net revenue after taxation			5,254,082		4,345,873
Total (loss)/return before distributions			**(1,195,800)**		**3,465,708**
Distributions	6		(6,054,558)		(5,080,082)
Change in net assets attributable to shareholders from investment activities			**(7,250,358)**		**(1,614,374)**

Note: All of the Company's and sub-fund's results are derived from continuing operations.

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
For the year ended 28 February 2019

	Notes	£	28.02.19 £	28.02.18 £	
Opening net assets attributable to shareholders			**107,074,309**		**77,331,153**
Movements due to sales and repurchases of shares:					
Amounts receivable on issue of shares		39,398,700		118,112,540	
Amounts payable on cancellation of shares		(31,151,520)		(89,039,062)	
			8,247,180		29,073,478
Change in net assets attributable to shareholders from investment activities			(7,250,358)		(1,614,374)
Retained distributions on accumulation shares	6		2,620,203		2,284,052
Closing net assets attributable to shareholders			**110,691,334**		**107,074,309**

TB WISE MULTI-ASSET INCOME, BALANCE SHEET
As at 28 February 2019

	Notes	28.02.19 £	28.02.18 £
Assets:			
Fixed assets:			
Investments		107,915,160	98,991,694
Current assets:			
Debtors	7	848,957	716,714
Cash and bank balances	8	3,178,224	9,078,867
Total assets		**111,942,341**	**108,787,275**
Liabilities:			
Creditors:			
Distribution payable on income shares	6	609,605	515,669
Other creditors	9	641,402	1,197,297
Total liabilities		**1,251,007**	**1,712,966**
Net assets attributable to shareholders		**110,691,334**	**107,074,309**

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of UK Authorised Funds issued by the Investment Association in May 2014.

As described in the Statement of the Authorised Corporate Director's Responsibilities, the ACD continues to adopt the going concern basis in the preparation of the financial statements of the Fund.

(b) Functional currency

The functional currency used in the financial statements is Pound Sterling because it is the currency of the primary economic environment in which the Company operates.

(c) Recognition of revenue

Dividends and distributions on holdings, net of any irrecoverable tax credits, are recognised when the underlying transferable security or collective investment scheme is quoted ex-dividend or ex-distribution. Bank interest and management fee rebates are accounted for on an accruals basis.

All revenue is recognised on the condition that the flow of economic benefits is probable and the amount can be measured reliably.

(d) Treatment of stock dividends

Stock dividends are credited to the capital account when the stock is quoted ex-dividend. The cash equivalent is then transferred to the revenue account and forms part of the distributable revenue.

The allocation of special dividends is considered on a case-by-case basis in determining whether the dividend is to be treated as revenue or capital.

(e) Equalisation on distributions

Equalisation on revenue distributions received from underlying holdings in collective investment schemes is treated as a return of capital.

(f) Treatment of expenses

All expenses, net of any associated tax effect, are allocated to the capital account with the exception of bank interest which is charged to the revenue account on an accrual basis.

(g) Allocation of revenue and expense to multiple share classes

Any assets or liabilities not attributable to a particular share class will be allocated by the ACD in a manner which is considered fair to shareholders in general, usually pro-rata based on the net asset values of the relevant share classes.

1. Accounting policies (continued)

(h) Taxation/deferred taxation

Corporation tax is provided for on taxable revenue, less deductible expenses, at a rate of 20%. This is the rate that has been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided for in respect of all items that have been included in these financial statements, or those of a previous period, that will be included in future periods for taxation purposes, other than those timing differences regarded as permanent. Any liability to deferred tax is provided for at the rate of tax expected to apply to the reversal of timing difference.

(i) Distribution policy

Net revenue produced by the Fund's investments is accrued quarterly. At the end of each period, the revenue, plus an adjustment for expenses allocated to capital, is distributed/accumulated at the discretion of the Investment Manager, as per the prospectus.

(j) Exchange rates

Assets and liabilities in overseas currencies at the year-end are translated into Sterling at the latest available rates of exchange on the balance sheet date. Transactions in overseas currencies occurring during the year are recorded at the rate of exchange on the date of the transaction.

(k) Financial instruments

Financial assets and financial liabilities are recognised in the Fund's balance sheet when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at transaction price (including transaction costs) and subsequently measured at amortised cost, except for the Fund's investments classified as financial assets at fair value through profit or loss, which are initially recognised at fair value (excluding transaction costs).

The investments are measured at closing prices on the balance sheet date, with any gains or losses arising on measurement recognised in the statement of total return. If closing prices are not available, the latest available prices are used. If separate offer and bid prices are quoted for shares or units, then the bid price is used. If no price or recent available price exists, the investments are valued at a price which, in the opinion of the ACD, reflects the fair value of the asset. This may involve the use of an appropriate valuation technique/methodology.

2. Net capital losses

	28.02.19	28.02.18
	£	£
Non-derivative securities	(6,318,036)	(975,046)
Currency (losses)/gains	(127,883)	98,424
Transaction charges	(3,963)	(3,543)
Net capital losses	**(6,449,882)**	**(880,165)**

3. Revenue

	28.02.19	28.02.18
	£	£
UK franked distributions	-	15,619
UK unfranked distributions	-	65,618
UK franked dividends	4,438,283	3,291,057
UK unfranked dividends	510,212	376,092
Overseas dividends	1,208,976	1,426,461
Unfranked income currency losses	(536)	(5,816)
Bank interest	39	20
Total revenue	**6,156,974**	**5,169,051**

4. Expenses

	28.02.19 £	28.02.18 £
Payable to the ACD, associates of the ACD and agents of either:		
Annual management charge	758,128	711,474
Registration fees	26,470	10,257
Administration fees	62,906	41,056
	847,504	762,787
Payable to the Depositary, associates of the Depositary and agents of either:		
Depositary's fees	43,268	42,354
Safe custody fees	2,680	2,403
	45,948	44,757
Other expenses:		
Audit fee	6,822	6,600
Tax fee	2,352	2,280
FCA fee	166	259
Other expenses	84	124
	9,424	9,263
Total expenses	**902,876**	**816,807**

	28.02.19 £	28.02.18 £
Fees payable to the company auditor for the audit of the company's annual financial		
Total audit fee	**6,822**	**6,600**
Total non audit fees - Tax compliance services	**2,352**	**2,280**

5. Taxation

(a) Analysis of the charge in the year

	28.02.19 £	28.02.18 £
Analysis of charge in the year		
Overseas tax	-	4,852
Adjustments in respect of prior periods	-	1,498
Total current tax for the year (see note 5(b))	**-**	**6,350**
Deferred tax (see note 5(c))	-	-
Total taxation for the year	**-**	**6,350**

(b) Factors affecting the current taxation charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised Open-Ended Investment Company (20%). The differences are explained below:

	28.02.19 £	28.02.18 £
Net revenue before taxation	5,254,082	4,352,223
Corporation tax at 20%	1,050,816	870,445
Effects of:		
Revenue not subject to taxation	(1,129,451)	(946,627)
Excess expenses for which no relief taken	78,635	76,182
Overseas taxation	-	4,852
Adjustment in respect of prior periods	-	1,498
Current tax charge for the year (see note 5(a))	**-**	**6,350**

(c) Provision for deferred tax

At the 28 February 2019 the Fund had surplus management expenses of £2,934,104 (28 February 2018: £2,540,928). The deferred tax asset in respect of this would be £586,821 (28 February 2018: £508,186). It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year. Changes in tax laws and rates may affect recorded deferred tax assets and liabilities and our effective tax rate in the future.

6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	28.02.19	28.02.18
	£	£
Interim - Income (May)	1,036,260	940,632
Interim - Income (Aug)	1,069,150	786,332
Interim - Income (Nov)	784,481	735,185
Final - Income (Feb)	609,605	515,669
	3,499,496	2,977,818
Interim - Accumulation (May)	824,737	665,054
Interim - Accumulation (Aug)	780,987	614,446
Interim - Accumulation (Nov)	568,091	583,112
Final - Accumulation (Feb)	446,388	421,440
	2,620,203	2,284,052
Add: Revenue deducted on cancellation of shares	194,256	399,299
Deduct: Revenue received on issue of shares	(259,397)	(581,087)
Net distribution for the year	**6,054,558**	**5,080,082**
Interest	16	21
Total finance costs	**6,054,574**	**5,080,103**
Reconciliation to net distribution for the year		
Net revenue after taxation for the year	5,254,082	4,345,873
Expenses allocated to capital, net of tax relief	800,936	729,628
Realised income currency (losses)/gains	(460)	4,581
Net distribution for the year	**6,054,558**	**5,080,082**

Details of the distributions per share are set out on pages 80 to 83.

7. Debtors

	28.02.19 £	28.02.18 £
Amounts receivable for issue of shares	155,286	421,245
Sales awaiting settlement	364,023	93,407
Accrued revenue	328,631	179,394
Prepayments	16	24
Income tax recoverable	1,001	22,644
Total debtors	**848,957**	**716,714**

8. Cash and bank balances

	28.02.19 £	28.02.18 £
Cash and bank balances	3,178,224	9,078,867
Total cash and bank balances	**3,178,224**	**9,078,867**

9. Other creditors

	28.02.19 £	28.02.18 £
Amounts payable for cancellation of shares	141,112	850,856
Purchases awaiting settlement	423,743	269,988
Accrued annual management charge	56,874	56,509
Accrued registration fees	1,954	1,996
Accrued administration fees	4,623	5,180
Accrued depositary fees	3,265	3,213
Accrued custody fees	657	675
Accrued audit fees	6,822	6,600
Accrued tax fees	2,352	2,280
Total creditors	**641,402**	**1,197,297**

10. Related party transactions

The ACD is regarded as a related party of the Fund. The ACD acts as either agent or principal for the Depositary in respect of all transactions in the Fund's shares. The aggregate monies received through issue and paid on cancellation are disclosed in the statement of change in net assets attributable to shareholders. As at the balance sheet date, there were no shares held by the ACD, the Depositary or associates of either the ACD or the Depositary.

As at the balance sheet date there was one nominee shareholder that held 36% of the Fund's total net asset value.

Details of transactions occurring during the accounting period with the ACD and the Depositary, and any balances due at the year end, are fully disclosed in notes 4 and 9 of the financial statements.

11. Share classes

As at the balance sheet date the Fund had six share classes. The following table shows a breakdown of the change in shares in issue of each share class in the year:

	B Income
Opening shares at the start of the year	23,998,255.934
Total creation of shares in the year	13,692,317.789
Total cancellation of shares in the year	(10,258,975.914)
Closing shares at the end of the year	**27,431,597.809**

	A Income
Opening shares at the start of the year	593,591.265
Total creation of shares in the year	135,243.296
Total cancellation of shares in the year	(272,181.928)
Closing shares at the end of the year	**456,652.633**

	W Income
Opening shares at the start of the year	22,154,178.493
Total creation of shares in the year	7,250,993.565
Total cancellation of shares in the year	(3,141,069.640)
Closing shares at the end of the year	**26,264,102.418**

	B Accumulation
Opening shares at the start of the year	16,521,264.374
Total creation of shares in the year	4,036,256.590
Total cancellation of shares in the year	(5,127,229.537)
Closing shares at the end of the year	**15,430,291.427**

	A Accumulation
Opening shares at the start of the year	615,719.363
Total creation of shares in the year	76,506.172
Total cancellation of shares in the year	(270,740.637)
Closing shares at the end of the year	**421,484.898**

	W Accumulation
Opening shares at the start of the year	3,041,488.342
Total creation of shares in the year	1,433,664.590
Total cancellation of shares in the year	(659,340.389)
Closing shares at the end of the year	**3,815,812.543**

11. Share classes (continued)

As at the balance sheet date the annual management charge of each share class was as follows:

TB Wise Multi-Asset Income – A Accumulation shares	1.40% p.a.
TB Wise Multi-Asset Income – B Accumulation shares	0.75% p.a.
TB Wise Multi-Asset Income – W Accumulation shares	0.50% p.a.
TB Wise Multi-Asset Income – A Income shares	1.40% p.a.
TB Wise Multi-Asset Income – B Income shares	0.75% p.a.
TB Wise Multi-Asset Income – W Income shares	0.50% p.a.

The net asset value of each share class, the net asset value per share, and the number of shares in each share class are given in the Summary of Fund Performance tables on pages 59 to 64. The distributions per share class are given in the distribution tables on pages 80 to 83. Income, and the associated tax, which is not attributable to a particular share class is allocated by the ACD in a manner which is considered fair to shareholders in general, usually pro-rata based on the net asset values of the share classes. All classes have the same rights on winding up.

12. Risk management policies

In pursuing the investment objectives financial instruments are held which may expose the Fund to various types of risk. The main risks inherent in the investment portfolio, and the ACD's policies for managing these risks, which were applied consistently throughout the year, are set out below:

(a) Currency exposures

The Fund's financial assets are mainly invested in investment trusts, equities and other collective investment schemes whose prices are generally quoted in Sterling. The Fund may also invest in securities whose prices are quoted in other currencies. This gives rise to a direct currency exposure, details of which are shown in the following table:

	Net foreign currency assets at 28 February 2019			Net foreign currency assets at 28 February 2018		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Euro	-	5,409	5,409	-	4,802	4,802

There are no specific policies employed to manage the currency exposure but the exposure will tend to be a relatively small percentage of the total net asset value of the Fund (28 February 2019: 4.9%; 28 February 2018: 4.5%)

In addition, the Fund's investments have an indirect exposure to exchange rate movements on the underlying investments of the investment trusts and collective investment schemes that are held in foreign currencies. Movements in exchange rates will impact on the prices of such underlying investments and as a result may affect the value of the Fund.

12. Risk management policies (continued)

(a) Currency exposures (continued)

If GBP to foreign currency exchange rates had strengthened by 10% as at the balance sheet date, the net asset value of the fund would have decreased by £491,721 (28 February 2018: £533,449). If GBP to foreign currency exchange rates had weakened by 10% as at the balance sheet date, the net asset value of the fund would have increased by £600,992 (28 February 2018: £436,459). These calculations assume all other variables remain constant.

(b) Cash flow risk and interest rate risk profile of financial assets and liabilities

The Fund's revenue is mainly received from holdings in investment trusts, equities and other collective investment schemes. The revenue cash flow from these and from their underlying investments may fluctuate depending upon decisions made by the companies in which they invest. The Fund does not have any long term financial liabilities.

The Fund is affected by the impact of movements in interest rates on its own cash balances and on certain underlying investments held by the investment trusts and collective investment schemes in which it invests. The direct exposure to interest rate risk as at the balance sheet date is shown in the following table:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Floating rate financial liabilities	Financial liabilities not carrying interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000
28.02.19						
Euro	-	-	5,409	-	-	5,409
Sterling	3,178	-	103,355	-	(1,251)	105,282
28.02.18						
Euro	-	-	4,802	-	-	4,802
Sterling	9,079	-	94,906	-	(1,713)	102,272

Short term debtors and creditors are included as non-interest bearing financial assets and liabilities in the above table.

The floating rate financial assets and liabilities comprise: Sterling denominated bank account balances that bear interest at the Bank of England base rate less 75 basis points (to a minimum of NIL) and overdrafts that bear interest at the Bank of England base rate plus 100 basis points. Non-interest bearing financial assets and liabilities mainly comprise investments that do not have a maturity date.

Cash flow risk and interest rate risk is managed by only holding cash at reputable financial institutions. Changes in interest rates would have no material impact to the valuation of floating rate financial assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

12. Risk management policies (continued)

(c) Liquidity risk

All of the Fund's underlying financial assets are considered to be readily realisable. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its net asset value to ensure settlement. All of the Fund's financial liabilities are payable on demand or in less than one year.

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk. Cash is held with reputable credit institutions and credit risk is assessed on a regular basis. Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. The Fund only buys and sells investments through brokers which have been approved by the ACD as an acceptable counterparty and these are reviewed on an ongoing basis.

(e) Market price risk

The value of shares/units in the underlying investments is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual share/unit held within an underlying investment or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Manager seeks to minimise these risks by holding diversified portfolios of collective investment schemes and transferable securities in line with the investment objectives. In addition, the management of the Fund complies with the Financial Conduct Authority's Collective Investment Schemes sourcebook, which includes rules prohibiting a holding greater than 20% of the assets of the Fund in any one underlying investment. If the value of shares/units in the underlying investments were to increase or decrease by 10% the change in the net asset value of the Fund would be £10,791,516 (28 February 2018: £9,899,169). This calculation assumes all other variables remain constant.

(f) Fair value of financial assets and liabilities

	INVESTMENT ASSETS	
	28 Feb 2019	28 Feb 2018
Valuation technique	£	£
Level 1: Quoted Prices	107,915,160	97,752,867
Level 2: Observable Market Data	-	1,238,827
Level 3: Unobservable Data	-	-
	107,915,160	**98,991,694**

As at the year-end there were no investment liabilities (28 February 2018: £nil). There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

(g) Commitments on derivatives

No derivatives were held at the balance sheet date (28 February 2018: £nil).

13. Transaction costs

(a) Direct transaction costs

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties incurred when purchasing and selling the underlying securities. In addition to the direct transaction costs below, indirect costs are incurred through the bid-offer spread. It is not possible for the ACD to quantify these indirect costs. A breakdown of the purchases and sales, and the related direct transaction costs incurred by the Fund in the year are shown in the table below:

	28.02.19 £		28.02.18 £	
Analysis of total purchase costs				
PURCHASES				
Collective Investment Schemes	-		4,209,925	
Equities	43,980,144		48,806,752	
Investment Trusts	13,842,750		19,809,723	
Net purchases before direct transaction costs	57,822,894		72,826,400	
DIRECT TRANSACTION COSTS		**% of total purchases**		**% of total purchases**
Equities	217,785	0.37%	219,762	0.30%
Investment Trusts	28,390	0.05%	64,245	0.09%
Total direct transaction costs	246,175	0.42%	284,007	0.39%
Gross purchases total	**58,069,069**		**73,110,407**	
Analysis of total sale costs				
SALES				
Collective Investment Schemes	1,233,801		4,873,156	
Equities	23,715,524		28,635,929	
Investment Trusts	17,784,420		14,539,744	
Preference Shares	-		839,869	
Gross sales before direct transaction costs	42,733,745		48,888,698	
DIRECT TRANSACTION COSTS		**% of total sales**		**% of total sales**
Equities	(17,970)	0.04%	(25,820)	0.05%
Investment Trusts	(15,471)	0.04%	(10,714)	0.03%
Preference Shares	-	0.00%	(840)	0.00%
Total direct transaction costs	(33,441)	0.08%	(37,374)	0.08%
Net sales total	**42,700,304**		**48,851,324**	

13. Transaction costs (continued)

(a) Direct transaction costs (continued)

	28.02.19 £	% of ave NAV	28.02.18 £	% of ave NAV
Analysis of total direct transaction costs				
Equities	235,755	0.21%	245,582	0.24%
Investment Trusts	43,861	0.04%	74,959	0.08%
Preference Shares	-	0.00%	840	0.00%
Total direct transaction costs	**279,616**	**0.25%**	**321,381**	**0.32%**

(b) Average portfolio dealing spread

The average portfolio dealing spread of the investments at the balance sheet date was 1.04% (28 February 2018: 0.83%). This is calculated as the difference between the offer and bid value of the portfolio as a percentage of the offer value.

14. Capital commitments and contingent liabilities

The Fund had no capital commitments or contingent liabilities at the balance sheet date (28 February 2018: £nil).

15. Post balance sheet events

Subsequent to the year-end, the net asset value per share of the B Accumulation shares has increased from 238.69p to 244.22p as at 28 May 2019. This movement takes into account routine transactions but also reflects the market movements of recent months. There are no post balance sheet events which require adjustments at the year-end.

TB WISE MULTI-ASSET INCOME, DISTRIBUTION TABLE

For the year ended 28 February 2019

Interim Distribution (31 May 2018)

Group 1 - Shares purchased on or prior to 28 February 2018
Group 2 - Shares purchased after 28 February 2018

Shares	Revenue (pence)	Equalisation[1] (pence)	Paid /Accumulated 31.07.18 (pence)	Paid /Accumulated 31.07.17 (pence)
B Income				
Group 1	2.0931	-	**2.0931**	**2.3094**
Group 2	1.2848	0.8083	**2.0931**	**2.3094**
A Income				
Group 1	1.9368	-	**1.9368**	**2.1476**
Group 2	1.2549	0.6819	**1.9368**	**2.1476**
W Income				
Group 1	2.1018	-	**2.1018**	**2.3036**
Group 2	0.9090	1.1928	**2.1018**	**2.3036**
B Accumulation				
Group 1	4.0293	-	**4.0293**	**4.2166**
Group 2	2.3533	1.6760	**4.0293**	**4.2166**
A Accumulation				
Group 1	3.7179	-	**3.7179**	**3.9163**
Group 2	3.3506	0.3673	**3.7179**	**3.9163**
W Accumulation				
Group 1	4.0444	-	**4.0444**	**4.2089**
Group 2	2.8588	1.1856	**4.0444**	**4.2089**

[1] Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

TB WISE MULTI-ASSET INCOME, DISTRIBUTION TABLE (CONTINUED)
For the year ended 28 February 2019

Interim Distribution (31 August 2018)
Group 1 - Shares purchased on or prior to 31 May 2018
Group 2 - Shares purchased after 31 May 2018

Shares	Revenue (pence)	Equalisation[1] (pence)	Paid /Accumulated 31.10.18 (pence)	Paid /Accumulated 31.10.17 (pence)
B Income				
Group 1	1.9705	-	1.9705	1.8275
Group 2	0.8688	1.1017	1.9705	1.8275
A Income				
Group 1	1.8209	-	1.8209	1.6999
Group 2	0.7176	1.1033	1.8209	1.6999
W Income				
Group 1	1.9803	-	1.9803	1.8316
Group 2	0.9037	1.0766	1.9803	1.8316
B Accumulation				
Group 1	3.8566	-	3.8566	3.3983
Group 2	2.1646	1.6920	3.8566	3.3983
A Accumulation				
Group 1	3.5537	-	3.5537	3.1521
Group 2	0.5050	3.0487	3.5537	3.1521
W Accumulation				
Group 1	3.8727	-	3.8727	3.4035
Group 2	1.8970	1.9757	3.8727	3.4035

[1] *Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.*

TB WISE MULTI-ASSET INCOME, DISTRIBUTION TABLE (CONTINUED)

For the year ended 28 February 2019

Interim Distribution (30 November 2018)

Group 1 - Shares purchased on or prior to 31 August 2018

Group 2 - Shares purchased after 31 August 2018

Shares	Net revenue (pence)	Equal -isation[1] (pence)	Paid/ Accumulated 31.01.19 (pence)	Paid/ Accumulated 31.01.18 (pence)
B Income				
Group 1	1.4372	-	1.4372	1.6149
Group 2	0.9263	0.5109	1.4372	1.6149
A Income				
Group 1	1.3259	-	1.3259	1.4994
Group 2	0.5678	0.7581	1.3259	1.4994
W Income				
Group 1	1.4454	-	1.4454	1.6198
Group 2	0.7617	0.6837	1.4454	1.6198
B Accumulation				
Group 1	2.8575	-	2.8575	3.0446
Group 2	1.7808	1.0767	2.8575	3.0446
A Accumulation				
Group 1	2.6284	-	2.6284	2.8188
Group 2	1.8555	0.7729	2.6284	2.8188
W Accumulation				
Group 1	2.8714	-	2.8714	3.0518
Group 2	1.9694	0.9020	2.8714	3.0518

[1] Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

TB WISE MULTI-ASSET INCOME, DISTRIBUTION TABLE (CONTINUED)

For the year ended 28 February 2019

Final Distribution (28 February 2019)

Group 1 - Shares purchased on or prior to 30 November 2018

Group 2 - Shares purchased after 30 November 2018

Shares	Revenue (pence)	Equal -isation[1] (pence)	Paid/ Accumulated 30.04.19 (pence)	Paid/ Accumulated 30.04.18 (pence)
B Income				
Group 1	1.1246	-	**1.1246**	**1.1076**
Group 2	0.4851	0.6395	**1.1246**	**1.1076**
A Income				
Group 1	1.0696	-	**1.0696**	**1.0226**
Group 2	0.3603	0.7093	**1.0696**	**1.0226**
W Income				
Group 1	1.1277	-	**1.1277**	**1.1003**
Group 2	0.5277	0.6000	**1.1277**	**1.1003**
B Accumulation				
Group 1	2.2752	-	**2.2752**	**2.0946**
Group 2	1.2467	1.0285	**2.2752**	**2.0946**
A Accumulation				
Group 1	2.1202	-	**2.1202**	**1.9748**
Group 2	1.3146	0.8056	**2.1202**	**1.9748**
W Accumulation				
Group 1	2.2635	-	**2.2635**	**2.0787**
Group 2	0.8096	1.4539	**2.2635**	**2.0787**

[1] Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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