



**WAY Fund Managers Limited**

**WAY Global Red Active  
Portfolio Trust**

Interim Report and Unaudited Financial Statements  
for the accounting period ended 30th September 2008

Issue date 30th November 2008

# WAY GLOBAL RED ACTIVE PORTFOLIO TRUST

Manager's Report and Accounts  
for the period ended 30th September 2008

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# WAY GLOBAL RED ACTIVE PORTFOLIO TRUST

## **Manager**

WAY Fund Managers Limited  
Cedar House  
3 Cedar Park  
Cobham Road  
Wimborne  
Dorset BH21 7SB  
Telephone: 01202 855 856

## **Independent Auditors**

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2P 2YU

## **Directors of the Manager**

P Wilcox (Chairman)  
D Pook (Chief Executive)  
P Legg (Finance)  
V Hoare (Operations)

## **Investment Adviser\***

FundQuest UK Limited  
77 Queen Victoria Street  
London EC4V 4AY

## **Trustee**

State Street Trustees Limited  
One Canada Square  
London E14 5AF

## **Registrar\*\***

WAY Fund Managers Limited  
Cedar House  
3 Cedar Park  
Cobham Road  
Wimborne  
Dorset BH21 7SB  
Telephone: 01202 855 856

\* With effect from 6th October 2008, the Investment Adviser, Investment Manager Selection Limited ("IMS") was re-branded FundQuest UK. This followed the acquisition of the Company in April 2008 by BNP Paribas Ltd. The business becomes the UK arm of the global FundQuest business which advises on £32bn throughout the world.

\*\* With effect from 1st November 2008 the responsibility for the maintenance of the register of holders was transferred from Northern Trust International Fund Administration Services (UK) Limited to the ACD, WAY Fund Managers Limited at the address of the ACD. All enquiries, changes of address or alteration to the register should now be addressed to WAY Fund Managers Limited. The ACD's address is also the address at which the register of holders may be inspected.

# REPORT OF THE INVESTMENT ADVISER

for the period ended 30th September 2008

## Investment Objective and Policy

The objective of the Fund is to provide maximum capital growth from an actively managed and diversified portfolio of collective investment schemes selected from markets worldwide.

The assets of the Fund will be managed in such a way that the units in the Fund will be qualifying investments for Individual Savings Accounts. The use of derivatives is not permitted but borrowing will be permitted on a temporary basis under the terms of the Regulations.

Although the Fund will normally remain fully invested, the property of the Fund may consist of up to 10% cash or near cash where this may be reasonably regarded as necessary in order to enable the pursuit of the funds objective, the redemption of units and the efficient management of the Fund in accordance with its objectives or other purposes which may be reasonably regarded as ancillary to the objectives of the Fund.

## Performance Report

	6 Months %	12 Months %	1 Year %	2 Year %	Since 01/09/02*
WAY Global Red Active Portfolio Trust	-9.56%	-19.52%	-10.86%	-3.13%	6.78%
IMA Active Managed Sector Average	-12.09%	-19.30%	-9.41%	-0.74%	5.73%

## Discrete Performance

	2004 %	2005 %	2006 %	2007 %	YTD 01/09/02*
WAY Global Red Active Portfolio Trust	12.37%	25.49%	8.26%	3.98%	-19.00%

Source: Lipper Hindsight. Total return in £, income reinvested.

\*Date Investment Manager Selection Limited was appointed Investment Adviser.

Worries about the health of the global financial system have dominated markets over the period. From mid-July, global equity market indices fell below their previous lows for the year observed in March, when under the guidance of the monetary authorities, Bear Stearns was taken over by JP Morgan. Through the early part of 2008, we had been reducing exposure to equities, moving to an underweight position relative to the peer group which we maintained throughout the period.

## **REPORT OF THE INVESTMENT ADVISER**

for the period ended 30th September 2008 - continued

At the regional level, we stayed underweight in the UK and US, and maintained our overweight position in global emerging markets. We also reduced the overweight to Asia ex Japan and took Japan up to a more neutral position relative to peers early on in the period. Non-equity exposure was diversified with the addition of cash proxy vehicles including JPM Income Opportunity (previously known as JPM Highbridge Income), Premier Absolute Growth and the HSBC US Dollar reserve fund. The specific US dollar diversification was made as we felt that sterling would come under downward pressure, which has been seen.

Within equities we continued to favour large cap, although we shifted the bias towards more defensive or more pragmatic managers, some of whom are willing to hold higher levels of cash in uncertain markets, including BlackRock UK Dynamic, First State Global Resources and CF Odey Continental European.

### **Performance**

Over the six month period to 30 September 2008 the WAY Global Red Portfolio Trust was down -9.56% having outperformed the IMA Active Managed Sector average return of -12.09%. Since FundQuest (previously known as Investment Manager Selection Limited) was appointed adviser in September 2002 the Trust has returned 6.78% on an annualised basis, compared to the sector average return of 5.73%.

### **Outlook**

The economic environment remains very uncertain and the recent deterioration in growth, especially in Europe and Japan, coupled with the ongoing financial turmoil, accelerated the fall of all risky assets. Market perception has moved from fears of higher inflation to expectations of recession in the major developed economies. These new developments had at least one positive impact in allowing a sharp reversal in commodity prices and a decrease in inflation expectations. If commodity prices stay at their current levels, then inflation should slow down significantly in the coming months and allow a stabilisation in core inflation, which should be beneficial for equities and even better for bonds.

Despite this expected improvement on the inflation front, the continuing slowdown will probably weigh on equities. Consensus earning expectations remain too high and there will need to be downward revisions. This could be particularly severe in the financial sector as the de-leveraging process leads to even more write-downs. The consumer sector will also be further affected as the US fiscal stimulus fades and the housing sector remains depressed. Even if we believe the market has already discounted this fall in earnings, further negative revisions from analysts will weigh on the market. A more positive impact can be expected from valuation and technical indicators – the market is certainly cheap according to many indicators, but the uncertainty of future earnings makes us more cautious at this stage of the cycle. Technical indicators tell us that the trend remains negative, but the recent sell-off and surge in market volatility, the jump in risk aversion indicators and high cash positions in investors' portfolios give a very positive signal.

## **REPORT OF THE INVESTMENT ADVISER**

for the period ended 30th September 2008 - continued

After rising strongly in the first half of this year, commodity prices reversed sharply in July and have fallen almost 20% since then. Fears about declining global demand and the rise in risk aversion were the major reasons to take profits on this asset class. Despite this recent fall, commodities do not look attractive yet, as valuation and macro indicators are negative.

The global slowdown in economic growth should have a bigger impact on more cyclical markets like Japan. The US is likely to be the first developed market to show an improvement in its earnings evolution due to its leading position in the economic cycle. Despite this clear relative macro advantage however, valuations in the US look less attractive compared to other markets. The situation is different in emerging markets where Asia looks in a better position to withstand a global economic slowdown and where earnings have already been significantly downgraded (compared to Latin America and emerging Europe).

Tight credit conditions and growing concerns about growth should favour large caps over small caps. Stronger balance sheets (excluding financials) and lower debt ratios should also be supportive of large caps. This could be particularly interesting in the US given the outperformance of small caps over the year to date and the US dollar recovery, which started in July and is likely to continue over the medium term.

## PERFORMANCE RECORD

### Trust Size

Date	Net asset value (£)	Net asset value pence per unit		No. of units in issue	
		Accumulation	Income**	Accumulation	Income**
31st March 2007†	62,962,984	120.80	120.80	45,551,550	6,570,760
31st March 2008	61,196,904	109.96	109.96	46,458,040	9,193,526
30th September 2008*	53,071,611	99.42	99.42	43,436,518	9,943,839

†In 2007 the accounting date changed from 30th April to 31st March

\*1st January to 30th September 2008

### Unit Price Range

Calendar Year	Accumulation Units		Income Units**	
	Highest Offer (pence)	Lowest Bid (pence)	Highest Offer (pence)	Lowest Bid (pence)
2003	81.72	56.12	-	-
2004	91.90	75.78	91.90	75.78
2005	115.10	86.29	115.10	86.29
2006	125.00	102.80	125.00	102.80
2007	135.03	113.49	135.03	113.49
2008*	130.47	99.39	130.47	99.39

\*1st January to 30th September 2008

### Other Relevant Prices

Date		Accumulation Units		Income Units**	
		Offer Price (pence)	Bid Price (pence)	Offer Price (pence)	Bid Price (pence)
9th December 1991	Launch Date	50.00	50.00	-	-
30th September 2008	Accounts	99.67	99.39	99.67	99.39
30th October 2008	Latest Date	86.36	85.71	86.36	85.71

\*\*Income units were first created on 7th May, 2004

### Total Expense Ratio

The TER of the Trust as at 31st March 2008 was 3.09% (31st March 2007: 3.03%)

### Net Income Accumulation/Distribution

Since the launch of the Trust on 9th December 1991, no income allocations have been made.

**Authorised Status**

The WAY Global Red Active Portfolio Trust is an Authorised Unit Trust Scheme as defined in Section 243 of the Financial Services and Markets Act 2000, and is a UCITS Scheme within the meaning of the Financial Services Authority's Collective Investment Scheme.

**Directors' Statement**

This annual report and financial statements on pages 8 to 23 were approved by the Manager and signed on its behalf by:

D Pook (Chief Executive)  
V Hoare (Operations Director)

WAY Fund Managers Limited  
30th November 2008

## STATEMENT OF TOTAL RETURN

(unaudited) for the period ended 30th September 2008

	Notes	30/09/08		30/09/07	
		£'000	£'000	£'000	£'000
Net gains on investments					
during the period	2		(5,579)		1,750
Other gains	3		70		16
Income	4	348		648	
Expenses	5	(635)		(696)	
Finance costs: Interest	7	(4)		-	
Net income before taxation		(291)		(48)	
Taxation	6	-		(32)	
Net expense after taxation			(291)		(80)
<b>Total return before distributions</b>			(5,800)		1,686
Finance costs: Distributions	7		-		-
<b>Change in net assets attributable to unitholders</b>			(5,800)		1,686

## STATEMENT OF CHANGE IN UNITHOLDERS' NET ASSETS

(unaudited) for the period ended 30th September 2008

	30/09/08		30/09/07	
	£'000	£'000	£'000	£'000
<b>Net assets at the start of the period</b>		61,197		62,963
Movement due to sales and repurchases of units				
Amount receivable on creation of units	1,455		6,987	
Less: Amounts payable on cancellation of units	(3,894)		(3,135)	
		(2,439)		3,852
Change in net assets attributable to unitholders (see above)		(5,800)		1,686
Stamp Duty Reserve Tax		(5)		(8)
Capital trailer commissions		119		-
<b>Net assets at the end of the period</b>		53,072		68,493

## PORTFOLIO STATEMENT

(unaudited) as at 30th September 2008

Holding	Bid- Market Value £	Percentage of total net assets %
<b>Europe 17.78% (16.17%)</b>		
1,070,613 Cazenove European Fund 'X' (Acc)	4,004,093	7.55
238,393 CF Odey Continental European (Acc)	1,086,024	2.05
828,803 J O Hambro Continental European	1,599,591	3.01
1,747,939 JPMorgan Europe Dynamic (Ex-UK) 'A' (Acc)	1,542,907	2.91
15,633 JPMorgan Europe Highbridge (Inc)	1,200,021	2.26
	<b>9,432,636</b>	<b>17.78</b>
<b>Far East 6.44% (11.48%)</b>		
907,054 First State Asia Pacific 'B' (Acc)	1,967,492	3.71
1,149,976 Marlborough Far East Growth 'B' (Acc)	1,450,005	2.73
	<b>3,417,497</b>	<b>6.44</b>
<b>Global 15.94% (7.10%)</b>		
272,178 First State Global Resources 'B' (Acc)	677,453	1.28
1,044,760 HSBC US Dollar Reserve	4,868,272	9.18
167,302 JPMorgan Emerging Markets Alpha Plus	1,091,241	2.06
238,536 New Star Global Financials 'B' (Acc)	497,110	0.94
115,977 Seligman Global Horizon Global Technology 'I'	786,116	1.48
17,186 Thames River (Nevsky) Global Emerging Markets	528,996	1.00
	<b>8,449,188</b>	<b>15.94</b>
<b>Japan 5.73% (3.10%)</b>		
864,912 CF Morant Wright Japan 'B' (Acc)	1,325,133	2.50
2,569,886 Societe Generale Japan CoreAlpha Prof (Acc)	1,714,886	3.23
	<b>3,040,019</b>	<b>5.73</b>
<b>United Kingdom 38.38% (38.47%)</b>		
834,052 Artemis Income (Inc)	1,229,477	2.32
283,611 AXA Framlington UK Select Opportunities (Acc)	3,878,842	7.31
2,119,406 BlackRock UK Dynamic (Acc)	2,708,602	5.11
57,474 Fidelity Special Situations (Acc)	843,147	1.59
274,267 INVESCO Perpetual Income (Acc)	4,204,824	7.93
4,437,344 Premier Portfolio Absolute Growth 'I' (Acc)	2,289,226	4.31
928,963 PSigma Income Fund	656,217	1.24
5,357,799 Schroder UK Alpha Plus 'A' (Acc)	4,548,772	8.57
	<b>20,359,107</b>	<b>38.38</b>

## PORTFOLIO STATEMENT

(unaudited) as at 30th September 2008

Holding	Bid- Market Value £	Percentage of total net assets %
<b>United States Of America 14.91% (14.95%)</b>		
135,030 Findlay Park US Smaller Companies	2,777,292	5.23
70,674 Janus World Twenty 'I'	457,445	0.86
21,850 Schroder Agricultural 'C' (Acc)	1,513,588	2.85
4,011,597 Skandia Specialist American (Acc)	2,058,351	3.88
2,737 UBAM Neuberger & Berman US Equity Value 'I'	1,108,730	2.09
	<b>7,915,406</b>	<b>14.91</b>
<b>Market Value of Investments 99.18% (91.27%)</b>	<b>52,613,853</b>	<b>99.18</b>
Net other assets	457,758	0.82
<b>Total net assets</b>	<b>53,071,611</b>	<b>100.00</b>

Note: Comparative figures shown in brackets relate to 31st March 2008

## BALANCE SHEET

(unaudited) as at 30th September 2008

	Notes	30/09/08 £'000	31/03/08 £'000
<b>Assets</b>			
Portfolio of Investments		<b>52,614</b>	55,850
<b>Current Assets</b>			
Debtors	8	<b>1,085</b>	2,161
Cash and bank balances		<b>802</b>	5,765
Total other assets		<b>1,887</b>	7,926
Total assets		<b>54,501</b>	63,776
<b>Liabilities</b>			
Creditors	9	<b>1,166</b>	(2,321)
Bank overdrafts		<b>263</b>	(258)
Total liabilities		<b>1,429</b>	(2,579)
<b>Net assets attributable to unitholders</b>		<b>53,072</b>	61,197

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

(unaudited) for the period ended 30th September 2008

Purchases	Costs £'000	Note Sales	Proceeds £'000
HSBC US Dollar Reserve	4,915	Rensburg UK Select Growth (Inc)	4,622
BlackRock UK Dynamic (Acc)	3,350	JPMorgan Europe Dynamic (Ex-	2,390
Premier Portfolio Absolute Growth		INVESCO Perpetual UK	
'I' (Acc)	2,500	Aggressive (Acc)	2,296
Rensburg UK Select Growth (Inc)	2,350	First State Asia Pacific 'B' Acc	1,600
JPMorgan HighBridge Income	1,694	Jupiter Income (Inc)	1,592
AXA Framlington UK Select		GAM UK Diversified 'A' (Acc)	1,538
Opportunities (Acc)	1,415	JPM Natural Resources 'A' (Acc)	1,365
Artemis Income (Inc)	1,401	IXIS Loomis Sayles US Large	
Fidelity Special Situations (Acc)	1,302	Capital Growth	1,336
PSigma Income Fund	1,271	PSigma Income (Acc)	1,262
CF Odey Continental European		Schroder UK Alpha Plus 'A' (Acc)	1,155
(Acc)	1,200	Artemis European Growth (Acc)	941
Cazenove European Fund 'X'	1,150	Marlborough Far East Growth	
First State Global Resources		'B' (Acc)	870
'B' (Acc)	767	Skandia Specialist American	
CF Morant Wright Japan 'B' (Acc)	734	(Acc)	640
Findlay Park US Smaller		INVESCO Perpetual Income	
Companies	635	(Acc)	605
Janus World Twenty 'I'	597	Atlantis China Fortune	526
Societe Generale Japan		JPMorgan HighBridge Income	500
CoreAlpha Prof (Acc)	545	PSigma UK Income Fund	433
UBAM Neuberger & Berman US		Seligman Global Horizon	323
Equity Value 'I' Cap	399	New Star Global Financials	
J O Hambro Continental	350	Institutional (Acc)	300
Seligman Global Horizon Global		Fidelity Special Situations (Acc)	280
Technology 'I'	309		
JPMorgan Europe Dynamic (Ex-			
'A' (Acc)	12		
Other	11	Other	-
Total for the period	<u>26,907</u>	16 Total for the period	<u>24,574</u>

Note: The summary of material portfolio changes identifies those purchases or sales exceeding 2% of the net assets of the Trust at the start of the accounting period, subject to a minimum disclosure of the 20 largest purchases and sales.

# **NOTES TO THE FINANCIAL STATEMENTS**

(unaudited) as at 30th September 2008

## **1. Accounting Policies**

### **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 the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the IMA in December 2005.

### **Income**

Distributions are included in the property when the investment is quoted ex-distribution. Income from holdings of accumulation units/shares by the Trust net of tax credits in the income account. The net income is then accumulated from the income account into the Capital property. Bank interest is accounted for on an accruals basis. Renewal commission is accounted for on a receipt basis.

### **Expenses**

All expenses are charged against income, other than those relating to the purchase and sale of investments which are charged to capital.

### **Equalisation Policy**

The first distributions received from investments in collective investment schemes may include an element of equalisation which represents the average amount of income included in the price paid for units. The equalisation is treated as a return of capital for taxation purposes and does not carry a tax credit. Equalisation received from the underlying investments has been treated as a reduction in the book cost of the investments and not distributed.

### **Distribution/Accumulation Policy**

When appropriate the Scheme will pay any surplus income as a distribution/accumulation.

### **Valuations**

All investments, which are collective investment schemes, are shown at the bid market value, or in the case of shares in open-ended investment companies, their single price at 12 noon on the last working day of the accounting period.

# NOTES TO THE FINANCIAL STATEMENTS

(unaudited) as at 30th September 2008

## 1. Accounting Policies - *continued*

### Taxation

Any relevant tax is included in the property of the Scheme.

The charge for taxation is based on income for the period. UK Fund distributions are disclosed net of any related tax credit.

Deferred taxation is provided on a full provision basis on timing differences arising from the different treatment of items for accounting and taxation purposes. Potential future liabilities and assets are recognised where the transactions or events giving rise to them occurred before the balance sheet date.

### Foreign currencies

Assets and liabilities have been translated into Sterling at the mid-market exchange rates prevailing at the balance sheet date. Transaction in foreign currencies are translated at the exchange rate prevailing at the transaction date. Any resulting exchange differences are disclosed as Other gains/(losses) in the Statement of Total Return.

## 2. Net (losses)/gains on investments

The net (losses)/gains on investments during the period comprise:

	<b>30/09/08</b>	30/09/07
	<b>£'000</b>	£'000
Non-derivative securities	<b>(5,579)</b>	1,750
Net (losses)/gains on investments	<b>(5,579)</b>	1,750

## 3. Other gains

Other gains comprise:

	<b>30/09/08</b>	30/09/07
	<b>£'000</b>	£'000
Other currency gains	<b>70</b>	16

**NOTES TO THE FINANCIAL STATEMENTS**  
(unaudited) as at 30th September 2008 - continued

**4. Income**

	<b>30/09/08</b>	30/09/07
	<b>£'000</b>	£'000
Franked dividend distribution	<b>133</b>	255
Unfranked dividend distribution	<b>127</b>	143
Bank interest	<b>88</b>	75
Renewal commission	<b>-</b>	175
	<b>348</b>	648

**5. Expenses**

	<b>30/09/08</b>	30/09/07
	<b>£'000</b>	£'000
<b>Payable to the Manager or associates of the Manager:</b>		
Manager's periodic charge	<b>604</b>	659
Registration fees	<b>8</b>	8
	<b>612</b>	667

**Payable to the Trustee or associates of the Trustee:**

Trustee's fee	<b>13</b>	14
Security transaction charges	<b>2</b>	3
Safe custody charges	<b>4</b>	5
	<b>19</b>	22

**Other expenses:**

Audit fees	<b>4</b>	4
FSA and other regulatory fees	<b>-</b>	3
	<b>4</b>	7
Total expenses	<b>635</b>	696

**NOTES TO THE FINANCIAL STATEMENTS**  
(unaudited) as at 30th September 2008 - continued

**6. Taxation**

	<b>30/09/08</b>	30/09/07
	<b>£'000</b>	£'000
a) Analysis of charge in period:		
Irrecoverable UK income tax	-	32
Current tax charge (note 6b)	-	32
Deferred tax (note 6c)	-	-
Total Taxation	-	32
b) Factors affecting taxation charge for the period:		
Net expense before taxation	<b>(291)</b>	(48)
Corporation tax at 20% (2007: 20%)	<b>(58)</b>	(10)
Effects of:		
Franked dividends	<b>(27)</b>	(51)
Current period expenses not utilised	<b>85</b>	60
Irrecoverable UK income tax	<b>(1)</b>	32
Security transaction charges	<b>1</b>	1
Current tax charge (note 6a)	-	32
c) Deferred tax		
Provision at the start of the period	-	-
Deferred tax charge in the period	-	-
Provision at the end of the period	-	-

At 30th September 2008, the Trust had surplus management expenses of £302,990 (2007: £878,297). It is unlikely that the Trust will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised in the period or prior period.

**NOTES TO THE FINANCIAL STATEMENTS**  
(unaudited) as at 30th September 2008 - continued

**7. Finance Costs**

**Distributions and Interest**

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	<b>30/09/08</b>	31/03/08
	<b>£'000</b>	£'000
Distributions to unitholders		
Add: Income deducted on units cancelled	-	-
Deduct: Income received on units created	-	-
Net distribution for the year	<u>-</u>	<u>-</u>
Interest	<b>4</b>	-
Total finance costs	<b>4</b>	-

**8. Debtors**

	<b>30/09/08</b>	31/03/08
	<b>£'000</b>	£'000
Prepaid expenses	<b>1</b>	-
Sales awaiting settlement	<b>1,000</b>	2,058
Accrued income	<b>51</b>	88
Income tax recoverable	<b>1</b>	-
Income tax recoverable	<b>32</b>	15
	<b>1,085</b>	2,161

**9. Creditors**

	<b>30/09/08</b>	31/03/08
	<b>£'000</b>	£'000
Amounts payable for cancellation of units	<b>36</b>	133
Purchases awaiting settlement	<b>1,018</b>	25
Accrued expenses	<b>112</b>	123
Currency deals awaiting settlement	-	2,040
	<b>1,166</b>	2,321

## **NOTES TO THE FINANCIAL STATEMENTS**

(unaudited) as at 30th September 2008 - continued

### **10. Equalisation**

Equalisation is the accrued income included in the price of units purchased during the distribution period (Group 2 units) which is refunded as part of a unitholders' first distribution/accumulation, so as to provide the same distribution/accumulation for all units of the same type. As a repayment of capital it is not liable to Income Tax and should be deducted from the cost of units for Capital Gains Tax purposes.

### **11. Related parties**

WAY Fund Managers Limited, together with State Street Trustees Limited are regarded as controlling parties by virtue of having the ability to act in concert in respect of the operations of the Trust.

WAY Fund Managers Limited, a related party, acts as principal on all the transactions of units in the Trust. The aggregate monies received through issues and cancellations are disclosed in the statement of change in unitholders' net assets, amounts due to/from WAY Fund Managers Limited in respect of unit transactions at the period end are disclosed in the balance sheet.

Amounts payable to WAY Fund Managers Limited in respect of Manager's periodic charges are disclosed in note 5. £91,901 (31/03/08: £103,905) was due at the period end.

Amounts payable to State Street Trustees Limited in respect of trustee services, safe custody charges and security transaction charges are disclosed in note 5. £11,375 (31/03/08: £7,364) was due at the period end.

Cash balances on deposit with State Street Trustees Limited are disclosed in the balance sheet together with interest due.

Neither WAY Fund Managers Limited nor State Street Trustees Limited entered into any other transactions with the Trust during the period.

### **12. Units**

The Trust issues both Income and Accumulation units. Income Units are only available for investments in the WAY Inheritor Plan.

The Manager's periodic charge is currently charged at 2% of net assets (plus Value Added Tax), if applicable.

The net asset value per unit and number of units in issue are given in the performance record on page 5.

## **NOTES TO THE FINANCIAL STATEMENTS**

(unaudited) as at 30th September 2008 - continued

### **13. Financial Instruments**

In pursuing its investment objective set on page 3 the Trust may hold a number of financial instruments. These comprise:

- units and shares in collective investment vehicles. These are held in accordance with the Trust's investment objective and policies;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- unitholders' capital which represents investors monies which are invested on their behalf; and
- temporary borrowings used to finance investment activity.

### **14. Risks of Financial Instruments**

The main risks arising from the Trust's financial instruments are market price, foreign currency, interest rate, liquidity and credit risks. The Manager reviews (and agrees with the Trustee) policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the period to which these financial statements relate:

- Market risk - arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Trust might suffer through holding market positions in the face of price movements.

The Investment Adviser regularly considers the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameter described above and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The Manager does not use derivative instruments to hedge the investment portfolio against market risk.

Foreign currency risk - the Trust's financial assets and liabilities are invested in other Unit Trusts and ICVCs, most, but not all, of whose prices are quoted in Sterling. The Trust therefore has a direct exposure to foreign currency risk in respect of part of its portfolio. In addition, the value of some of the Trust's underlying investments will be affected by movements in exchange rates against Sterling, in respect of non-Sterling denominated assets.

## NOTES TO THE FINANCIAL STATEMENTS

(unaudited) as at 30th September 2008 - continued

### 14. Risks of Financial Instruments - continued

The Trust's performance is reported in Sterling. However, its assets are denominated in a range of other currencies. As a result the Trust's investments are subject not only to market place risk but also to the fluctuation in exchange rates between Sterling and other currencies. These fluctuations may have a significant effect on the capital value of the Trust's investments and income therefrom. The Trust does not hedge its exposure to currency risk by taking forward currency positions in relation to assets denominated in currencies other than Sterling. The direct currency exposure of the Trust is detailed on the next page.

Net foreign currency assets at 30th September 2008 was as follows:

	<b>Monetary exposures 30/09/08 £'000</b>	<b>Non-Monetary exposures 30/09/08 £'000</b>	<b>Total 30/09/08 £'000</b>
<b>Currency</b>			
<b>US Dollar</b>	<b>12,603</b>	-	<b>12,603</b>

Net foreign currency assets at 31st March 2008 was as follows:

	Monetary exposures 31/03/08 £'000	Non-Monetary exposures 31/03/08 £'000	Total 31/03/08 £'000
<b>Currency</b>			
<b>US Dollar</b>	2,040	8,269	10,309

Short-term debtors and creditors have been included in the net foreign currency disclosure. The respective amounts are included within Debtors (note 8) and Creditors (note 9) on the balance sheet.

- Interest rate risk - the majority of the Trust's financial assets are Unit Trusts and ICVCs which neither pay interest nor have a maturity date. The Trust's financial assets also include bonds held in the underlying funds, which are subject to interest rate risk.

## NOTES TO THE FINANCIAL STATEMENTS

(unaudited) as at 30th September 2008 - continued

### 14. Risks of Financial Instruments - continued

Interest rate risk profile of financial assets and financial liabilities as at 30th September 2008

	Floating Rate financial assets 30/09/08 £'000	Financial assets not carrying interest 30/09/08 £'000	Total 30/09/08 £'000
<b>Currency</b>			
<b>Sterling</b>	<b>802</b>	<b>41,077</b>	<b>41,879</b>

	Floating Rate financial liabilities 30/09/08 £'000	Financial liabilities not carrying interest 30/09/08 £'000	Total 30/09/08 £'000
<b>Currency</b>			
<b>Sterling</b>	<b>263</b>	<b>1,148</b>	<b>1,411</b>

Interest rate risk profile of financial assets and financial liabilities at 31st March 2008

	Floating Rate financial assets 31/03/08 £'000	Financial assets not carrying interest 31/03/08 £'000	Total 31/03/08 £'000
<b>Currency</b>			
<b>Sterling</b>	<b>3,725</b>	<b>47,581</b>	<b>51,306</b>
<b>US Dollar</b>	<b>2,040</b>	<b>8,269</b>	<b>10,309</b>
	<b>5,765</b>	<b>55,850</b>	<b>61,615</b>

## NOTES TO THE FINANCIAL STATEMENTS

(unaudited) as at 30th September 2008 - continued

### 14. Risks of Financial Instruments - continued

	Floating Rate financial liabilities	Financial liabilities not carrying interest	Total
	31/03/08	31/03/08	31/03/08
Currency	£'000	£'000	£'000
Sterling	258	-	258

Tax has been excluded from the above interest rate risk profiles as they are not classified as financial assets.

The floating rate assets and liabilities comprise bank balances and overdrafts whose rates are determined by reference to LIBOR or international equivalent borrowing:

- *Liquidity risk* - the Trust's assets comprise mainly realisable securities, which can be readily sold. The main liability of the Trust is the redemption of any units that investors wish to sell.
- *Credit risk* - certain transactions in securities that the Trust enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Trust has fulfilled its responsibilities.

Where applicable the Trust only buys and sells investments through brokers which have been approved as an acceptable counterparty. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time, these limits are reviewed regularly.

- *Fair value* - there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.
- *Derivatives and other financial instruments* - The Trust does not hold any derivatives that could impact the value of the Trust significantly.

## **NOTES TO THE FINANCIAL STATEMENTS**

(unaudited) as at 30th September 2008 - continued

### **15. Contingent liabilities**

There were no contingent liabilities at the period end.

### **16. Portfolio Transaction Costs**

As the Trust only invests in collective investment schemes, there are no associated transaction costs. Portfolio transaction costs are generally referred to as brokerage fees, commissions, stamp duty reserve taxes and interest charges for purchases or sales of securities held in the portfolio. These costs exclude security transaction charges which are paid to the Trustee as shown in note 5.

## **GENERAL INFORMATION**

### **Trust Deed**

The Trust was established by a Trust Deed made between the Manager and the Trustee dated 27th November 1991.

### **Prospectus**

Copies of the Trust's Prospectus are available free of charge from the Manager upon request.

### **Pricing and Dealing**

A buying price (the price at which you have bought the units in the Trust and being the higher) and a selling price (the price at which you can sell the units back to the Manager and being the lower) are always quoted for the Trust. The buying price includes the Manager's initial charge.

Dealing in all unit trusts operated by WAY Fund Managers Limited may be carried out between 09:00 and 17:00 hours on any business day. Investors and advisers may sell units over the telephone. Units can only be bought in writing enclosing settlement in full. Prices are quoted on a 'forward' basis. This means that all deals are based on a price that is calculated at the next valuation point (which is 12:00 hours on each business day) following receipt of instructions. Instructions received before 12:00 hours will be priced at 12:00 hours that day, whilst those deals taken later in the day will receive the next dealing price which is fixed at 12:00 hours on the following business day.

In the case of large deals of £15,000 and over, the Manager has the discretion to quote a special price within the limits laid down under the Regulations.

The minimum initial lump sum investment in the Trust is £5,000 (WAY Inheritor Plan minimum, into Income units only, is £100,000) and the minimum amount you may sell back to the Manager at any one time is £1,000, providing you maintain a balance of £5,000. At its absolute discretion, the Manager may accept a lower minimum amount for the purchase and sale of units.

A contract note in respect of any purchase will be issued immediately. Unit certificates will not be issued. Instructions to sell your units may be required to be given in writing to WAY Fund Managers Limited, Cedar House, 3 Cedar Park, Cobham Road, Wimborne, Dorset BH21 7SB. A contract note confirming the instruction to sell will be issued immediately. Following receipt of a correctly completed Form of Renunciation, a cheque in settlement will be sent direct to you or your bank/building society within four business days.

## **GENERAL INFORMATION - continued**

### **Management Charges, Spreads and Yields**

The initial charge on the Trust is 5.25% and the annual management fee is 2%. The Trust Deed permits these to be increased to a maximum of 7.527% and 3.25% respectively, with any proposed increases subject to three months' notice to unitholders. As at 30th September 2008 the difference between the bid and the offer prices was 0.28%.

As at 30th September 2008 the net estimated yield was nil. This yield is calculated and published daily.

Certain other expenses are met by the Trust, all of which are detailed in the Prospectus.

### **Reports**

Reports, in their "short-form", will be sent to all unitholders on an annual and half-yearly basis. The "long-form" accounts are available free of charge on request from the Manager.

### **Publication of Prices**

The price of units in the Trust is currently quoted daily on the web pages of Financial Express at [www.fundlistings.com](http://www.fundlistings.com).

### **Stamp Duty Reserve Tax**

Stamp Duty Reserve Tax ("SDRT") is a 0.5% tax that is payable by the Trustee of a unit trust when unitholders sell their units in that unit trust. This may have an affect on you as the unitholder depending on how the unit trust manager will be treating this particular charge. Subject to limits contained within the Trust's Prospectus, any SDRT liability incurred by WAY Global Red Active Portfolio Trust will be charged to the Trust, which could mean that less of your money will be invested for potential capital and income growth.

### **Capital Gains Tax**

As an authorised unit trust, the Trust is exempt from UK Capital Gains tax. An individual's first £9,600 of net gains on disposals in the 2008/2009 tax period are exempt from tax. Gains in excess of £9,600 will be taxed according to how long the investment has been held for periods after 6th April 1998.

### **Important Information**

It is important to remember that the price of units, and the income from them, can fall as well as rise and is not guaranteed and that investors may not get back the amount originally invested. Past performance is not a guide to future performance. Changes in the rate of exchange of currencies, particularly where overseas securities are held, may also affect the value of your investment. The issue of units may be subject to an initial charge and this is likely to have an impact on the realisable value of your investment, particularly in the short term. You should always regard unit trust investment as long term.