



The WAY Group

Are you going my WAY?

The Times they are a Changing – The WAY Group's inaugural newsletter puts one of the UK's fastest growing private investment firms in the spotlight.



As a valued supporter of The WAY Group, I wish you a warm welcome to the first edition of *two way*, a quarterly update for the IFA community on our news and views. We can't guarantee that we won't stray into hyperbole about new products or solutions from time to time, but we can promise that those who have been kind or astute enough to have written WAY plans in the past will be kept abreast of developments, products and opinions which may prove helpful in discussion with existing and potential clients.

This first issue includes a view from our Chairman, Paul Wilcox, covering the stock market malaise that has blighted our recent past and also a few words from - and on - Paul Kim of FundQuest who has been responsible for managing over £175m of WAY investors' money over the same period. The message seems to be, as someone more erudite once

said, this may not be the beginning of the end but it is, perhaps, the end of the beginning.

As with any company that sees external forces having a negative influence on trading conditions, we at WAY have taken stock during this time and determined that we should take action that will see us emerge stronger from this period than when we entered it.

In subsequent issues we will be talking about a new in-house administration system that we have invested in which will provide us with greater flexibility in our quest to provide a better service to you and your clients alike and the developments in collaboration with trading platforms which will result in a fresher and again more flexible way of dealing with our company. Both these projects are 'in train' and we will be saying much more about the resultant benefits when they are complete.

The development of WAY as a company has been built on the twin ideals of innovation and

service. From the unique Income Plan to the first collective backed Inheritance Tax mitigation plans, we have eschewed 'me too' product in order to provide alternative and improved possibilities to IFAs looking to meet their clients needs.

The parallel ambition has been to offer a service that is considered and sympathetic to our supporters' own business requirements. We can't promise to get everything right first time but the measure of a company, whatever the industry, is the concern that they attach to 'righting a wrong'.

Ultimately, this newsletter is intended to inform and communicate. Hopefully it may also stimulate the readership to react and feedback - communication is, after all, two-way.

Eddie O'Gorman,
Head of Sales, The WAY Group

The WAY Group Footprint

Founding date:
1996

Founder/Chairman:
Paul Wilcox

Ownership:
Private (mostly held by the executives and friends and family)

Investment Professionals:
All investment management is out-sourced
Total AUM:
£529m (30 June 2009)

Total number of retail funds:
6 WAY funds, 21 Elite (third-party) funds

Key products:
Inheritance tax mitigation plans, Income plan
Key investment areas:
Fund of Funds

Investment partners for WAY range:
FundQuest UK, EEA, North Investment Partners, T Bailey Asset Management, Vestra Wealth

Fund manager focus

First in the firing line for *two way's* Fund Manager Focus is Paul Kim, a name that is widely known within the UK multi-manager industry.



Paul is one of the most highly regarded multi-managers in the industry with over 25 years of fund management experience under his belt. Prior to FundQuest, previously Investment Manager Selection formed by Richard Timberlake and Peter O'Connor in 1999, he was with AXA Sun Life Portfolio Services and before that worked for Spencer Thornton Stockbrokers and Alexander Stenhouse Fund Managers.

When not thinking about markets and portfolios, Paul likes to relax by listening to music ranging from Wagner and Beethoven to Led Zeppelin, Jimi Hendrix and Paolo Nutini. He has also been known to listen to Madonna from time to time for a bit of variety.

When he's not relaxing at home, he likes to spend time in the dojo honing his considerable karate skills. As he says, "I don't like running or going to the gym so this is an enjoyable way to keep fit". Paul has been training for many years and now trains regularly with his younger son who he has encouraged to take up the discipline.

Paul also enjoys the great outdoors and spends a lot of time with his wife and sons tramping around the Kent countryside where he lives and travelling to scenic spots such as the Lake District.



The Approach

Question

When did you start managing the WAY Global Cautious Fund?

Answer

FundQuest (previously known as IMS) started managing the WAY Global Cautious Fund from when it was launched in February 2005.

Question

What investment approach do you use to manage this fund?

Answer

The FundQuest approach combines qualitative, quantitative and style analysis to produce portfolios which aim to add alpha over a medium to longer term time horizon. While fund selection is key to the process, asset allocation is also employed to

add value and to help control risk. FundQuest has extensive global resources in the form of fund analysts, portfolio managers and quant systems in London, Paris and Boston to support the process.

Question

What is your current market outlook?

Answer

We feel that given the strong and rapid rise in equity markets, there could be a pause in the near term. However, if signs of economic stabilisation continue to materialise, the market could continue its upward trend in the coming months, albeit at a slower pace. There is still a lot of cash in investors' portfolios which could provide strong support for equity markets and riskier assets in general if risk aversion continues to fall.

We do feel though that there is still a long way to go before there is a real recovery in economic growth as consumers and banks have not finished de-leveraging. We are therefore favouring a more cautious strategic view, albeit making tactical changes to take advantage of market volatility in the short term.

The Media Room What the Press is saying about The WAY Group.





Citywire's Mark Battersby is a fan of WAY's IHT Plans...



IHT plans, the flexible way

I entered the world of inheritance tax (IHT) mitigation plans when I met with Eddie O'Gorman of privately owned The Way Group. O'Gorman reports good progress on teaming up with Ascentric wrap as the first trial of Way's IHT products on a platform. This is not only an indication of the growing sophistication of what platforms offer but also an experiment to see how such an arrangement can work.

Previously Way's IHT plans came with the firm's own-branded funds but now, in the spirit of open architecture

Wilcox words of wisdom

The WAY Group Chairman looks beyond the credit crunch to an improving economic climate.



We started off many months ago focussing on the likelihood of a deep and lengthy downturn being the most common prediction for the global economy.

All the pundits were speaking of a 'U' shaped recession. At the time, banks, builders and miners had sunk to unprecedented levels (the most extreme examples saw share prices down 90+ %) and I strongly punted them as a 'must-have' buy.

Then three months ago, quite inexplicably (based on the Armageddon forecasts only three months previously), green shoots allegedly started to appear. The main markets then did a quick 25% about-turn and the 'U' shape was discarded in favour of a firm

prediction for a 'V' shaped recession.

Hold on though, maybe the late frost has been killing off the green shoots! The bears have come out to play, the markets paused and the focus, once again, has been on unemployment, repossessions, debt levels and falling house prices. Oh dear, we appear to have moved on to the letter 'W'. Yes, there is now definitely going to be a double dip 'W' recession!

Of course this is all generated news for the sake of news, rather than serious reporting by investment specialists. There was a boom, then there was a (somewhat) self-inflicted bust and next there will be a recovery. Not rocket science, just a re-run of the

standard economic cycle.

However, the alphabetical economic progression idea is both fun and very neat. My money is on yet another move from 'U' to 'V' to 'W' and now on to 'X'. Why 'X'? Because 'X' marks the spot! Believe you me, there is still plenty of time to get stuck into depressed shares, especially banks, builders and miners, probably at cheaper prices than today. And you don't have to be a long term investor this time.

I suspect two years will see some unbelievable returns. 'X' is next so get in line for the equity treasures buried at the end of today's temporary rainbow!

Paul Wilcox



The WAY Group regularly features in the professional trade and national financial press. From new, cutting edge product launches to high profile comment and observation on the vicissitudes of the economy, The WAY Group has established itself as one of the UK's premier fund management companies. We get on with what we do best - bringing top products to the market. The Press thinks we are pretty good at what we do too.

Michael Fordham



Former Ascentric director Michael Fordham explains why joining the WAY Group earlier this year as Business Development Director was a natural step in his career as one of the UK's best business and systems development brains in the financial services sector.

The WAY Group has an enviable reputation in the investment industry for both the fund services it provides and the specialist IHT and income plans it offers. More significantly, the board has a clear vision for developing the business that is forward thinking and highly innovative.

These were major factors in my decision to join the WAY Group as Business Development Director at the beginning of this year. Also, Paul Wilcox, David Pook and Eddie O'Gorman are all highly regarded in the fund industry and the intermediary market, and the opportunity to work with them to help realise these ambitions was not one to be missed.

I have always found that medium sized companies backed by the management and private investors have the greater energy and drive and are more able to move quickly to exploit market opportunities and new developments. WAY has all these characteristics but also understands that it is the quality of service and support it provides that differentiate it from larger and less responsive competitors.

The WAY IHT plans are unique in the market as they offer IFAs the ability to provide effective IHT planning solutions for high net worth clients whilst also offering the client's appointed trustees the flexibility to direct trust capital to meet family lifestyle needs. The move to make these plans open architecture and available on Wrap

platforms had already been initiated before I joined. Indeed, I'd been helping to make these available on the Ascentric Wrap prior to being offered my current role at WAY as they would clearly offer value added IHT planning tools for the Ascentric IFAs.

Completing this task was an important first step in the overall WAY business development strategy. The Ascentric platform was a clear first choice for the WAY IHT plans as it offers a genuine 'whole of market' choice for both products and investments.

With the WAY IHT plans now available on the Ascentric platform, they provide the unique ability to 'wrap' (forgive the unintended pun) a market wide choice of collectives and ETFs within an IHT mitigation trust. Importantly, this is achieved without the necessity to use bonds as the investment vehicle, thereby placing the arrangement within the advantageous capital gains tax, not income tax, regime.

Further developments are 'in train' to make the IHT plans available on other platforms, including some fund supermarkets and these will be available soon. However, the WAY Group is very pleased to offer the IHT plans on the Ascentric platform and is looking to develop new, sophisticated financial planning products for IFAs that will also be available on the Ascentric platform.

Michael Fordham

All systems go....

We all need as much good news as possible right now and so it is with some pleasure that WAY can announce some significant improvements to our administration services which are 'in train' for this autumn. One or two of our clients have noticed the occasional hiccup in our service levels of late and may wonder or worry about our standards – particularly bearing in mind our proud boast about personal service.

This has all come about because last year we commenced the gargantuan task of taking over all aspects of dealing and registration for our many in-house and third party funds from outside contractors. This involved spending vast sums on new computer software and systems as well as recruiting and training existing and new staff. The good news is that we are close to having all the basic systems working well and are looking forward to imminently installing several enhancements, which will include access to on-line valuations and statements. This will be welcomed with great enthusiasm by our loyal supporters and we are hoping to go live on this phase in early autumn.

The slightly less good news is those hiccups referred to above. If we have disappointed at all on our normally excellent service over recent months we sincerely apologise for any angst or inconvenience caused. Please be reassured, however, that it does not signify any permanent deterioration in our ongoing service but has resulted from the inevitable disruption caused by dramatic developments for the future. As we say in financial circles there is 'no gain without pain'.

Paul Wilcox

Michael Fordham Biography

Michael is WAY's Business Development Director and is responsible for the development of new products and markets for the group and the online services in particular.

He is well known for establishing successful investment systems and administration businesses and has played a key role in a number of high profile initiatives in the UK investment market.

Michael joined WAY in January 2009 from Fundsdirect/Ascentric where he had been jointly responsible for creating the company with a group of IFAs in 2004 and acquiring Investment Funds Direct Ltd from EGG and the Prudential in 2005 to fast start the business.

He began his career in the 70's with Hoskyns and then Software Sciences before founding his first company developing financial systems in 1982. He expanded the company to provide investment administration services and established the combined business as the Northumberland Group. The Northumberland Group was acquired by a European Bank in 1991 and he remained Managing Director until 1996.

Michael's career has also included senior positions with Cap Gemini where he was an associate director of the UK Banking & Securities Division and Interactive Investor where he was Managing Director of the B2B division of the business. In 1991 he jointly founded Investment Sciences Ltd which provided market edge trading platforms and Wrap systems.

Coming Soon...

We hope you found the first edition of *two way* interesting and informative and that some of the issues raised will prove useful for developing business with your clients. In the next newsletter, which will be with you in the Autumn, we will be rolling out details for a number of new solutions and investment initiatives.