



WAY Fund Managers Limited

**WAY MA Cautious
Portfolio**

Final Report and Audited Financial Statements
for the accounting period 23rd June 2008 to 31st March 2009

Issue date 15th July 2009

WAY MA Cautious Portfolio

Authorised Corporate Director's Report and Accounts
for the period 23rd June 2008 to 31st March 2009

Contents	Page
Management and Professional Service Details	2
Constitution	3
Investment Objective and Policy	4
Report of the Investment Adviser	4
Performance Record	8
Authorised Status	9
Directors' Statement	9
Statement of the Authorised Corporate Director's Responsibilities	10
Statement of the Depositary's Responsibilities & Report of the Depositary to Shareholders	11
Report of the Independent Auditor	12
Statement of Total Return	14
Statement of Change in Shareholders' Net Assets	14
Portfolio Statement	15
Balance Sheet	17
Summary of Material Portfolio Changes	18
Notes to the Financial Statements	19
General Information	28

WAY MA Cautious Portfolio

Authorised Corporate Director (“the ACD”)

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

Independent Auditor

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Directors of WAY Fund Managers Limited

P Wilcox (Chairman)
D Pook (Chief Executive)
P Legg (Finance)
V Hoare (Operations)
A Stevens (Compliance)
R Starbuck (General Manager)

Investment Adviser

Neptune Investment Management Limited
1 Hammersmith Grove
London W6 0NB

Depository

State Street Trustees Limited
20 Churchill Place
Canary Wharf
London E14 5HJ

Registrar*

WAY Fund Managers Limited
Cedar House
3 Cedar Park
Cobham Road
Wimborne
Dorset BH21 7SB

* 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 DIRECTOR

CONSTITUTION

WAY MA Cautious Portfolio ("the Company" or "Fund") is an open-ended investment company with variable capital incorporated in England and Wales (number: IC000660) under the OEIC Regulations. It is a Non-UCITS Retail Scheme which complies with the requirements of Chapter 5 of the Collective Investment Schemes sourcebook ("COLL") issued by the Financial Services Authority and is authorised and regulated by the FSA with effect from 29th May 2008. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company.

REPORT OF THE INVESTMENT ADVISER

for the period 23rd June 2008 to 31st March 2009

INVESTMENT OBJECTIVE AND POLICY

The objective of the Company is to seek capital growth, achieved through investment in a portfolio of collective investment schemes, investment trusts, other transferable securities including listed securities, cash or near cash, deposits and money market instruments.

Subject to the requirements of the Regulations, the portfolio will normally remain fully invested. There will, however, be no restrictions on the underlying content of the investments held, in terms of investment type, geographical or economic sector, other than those imposed by the Regulations, meaning that the investment adviser has the absolute discretion to weight the portfolio towards any investment type or sector, including cash, at any time. The Company may also invest in unregulated collective investment schemes (where investment in such funds is consistent with the investment objective and policy of the Company).

The portfolio will be actively managed. The use of derivatives and/or hedging transactions will be permitted in connection with the efficient portfolio management of the Company. Borrowing will be permitted in accordance with the Regulations.

On giving 60 days notice to Shareholders, the Company may, in addition to its other investment powers, use derivatives and forward transactions for investment purposes. It is not intended that the use of derivatives in this way will change the risk profile of the Company.

Subject to the above, the Company may invest in any asset class and adopt any investment technique or strategy permitted under the rules in COLL as such rules are applied to Non-UCITS retail schemes.

Performance

The World's financial system faced almost a collapse in 2008. This one factor lies behind the negative portfolio returns over the period under review. We, like many others, did not anticipate nor predict the credit crisis which followed the bankruptcy of Lehman Brothers. The decision by the authorities to allow this failure caused credit quality to be immediately reassessed and all risk assets to plunge in the final quarter of last year. Against this backdrop, the WAY MA Cautious Portfolio fell by 11.15% against the IMA Cautious Managed Sector average fund which fell 16.43% for the period under review.

REPORT OF THE INVESTMENT ADVISER

for the period 23rd June 2008 to 31st March 2009 - continued

Discrete Annual Performance

	*2008	YTD
WAY MA Cautious Portfolio	-8.31%	-3.10%

Cumulative Performance Performance to 31st March 2009

	6 Months	*Since Launch
WAY MA Cautious Portfolio	-8.31%	-11.15%
IMA Cautious Managed Sector	-11.68%	-16.43%

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

** Launch date 23/06/2008*

Market Review

For most of 2008 we believed that the Sub Prime crisis, which was born in the USA, had been contained by the US Authorities. They had cut interest rates in late 2007 and then again very aggressively in early 2008 in attempt to restore confidence. The rescue of Bear Stearns in March caused us concern but when the authorities stepped in to help we were reassured by the "too big to fail" mantra of central banks.

By mid 2008, the US economy was clearly slowing but elsewhere in the world growth was still very buoyant. Indeed this growth outside of the US helped to support exports and there was talk that whilst the domestic market could fall into a mild recession the overall economy would be supported by export growth. As a result risk assets rose quite strongly for several months following the Bear Stearns rescue. Commodity prices, particularly food and energy, accelerated over the same period leaving policy makers a headache on how to handle inflation. For policy makers in Europe this meant rising interest rates in the summer whereas other central banks sat tight.

REPORT OF THE INVESTMENT ADVISER

for the period 23rd June 2008 to 31st March 2009 - continued

Market Review - *continued*

Oil had surged to almost US\$150 a barrel by mid July, on what we know now to be a tide of speculation rather than demand exceeding supply. Inflation along with rising bond yields and a weakening dollar were the major headwinds to the peak in the oil price. As commodity prices fell sharply these headwinds began to fade and there was consensus that global growth could go on for longer. Next came the nationalisation of the giant US mortgage companies, Freddie Mac and Fannie Mae, in another display of "too big to fail."

The decision to allow Lehman to fail, we did not anticipate. The events that followed were historic. Credit markets froze and without credit the World's financial markets cannot fully function. The premise of this Fund is to deliver a positive return over time by investing in a broad range of asset classes. Diversification on this occasion did not rescue the portfolio as all asset classes except government debt plunged. With banks struggling to remain solvent and the economy faltering governments were forced to take action. They have provided massive amounts of liquidity to financial markets in terms of monetary and fiscal stimulus. Even so, since Lehman's fall economic activity has, in the words of Mervyn King, "fallen off the edge of a cliff." The World has very swiftly dived into a severe recession.

Portfolio Activity

The portfolio is diversified with the aim to offset equity exposure through investing in other asset classes such as cash, commodities, property, private equity and absolute return strategies. We raised cash from equities pre the Lehman Bankruptcy in early September and felt that the rest of the portfolio would be protected by the diversification in the portfolio. However in this perfect storm all asset classes plunged as investors deleveraged their portfolios at any price. We were not amongst those investors who were forced to sell quality assets at deeply discounted prices but certainly suffered as a result. Much of the recent activity has been restructuring the portfolio to adjust for a recession and a period of falling inflation. In the absence of private capital, Governments have stepped into significantly increased money supply. This action, known as the reflation trade, supports bond prices and we have increased our corporate bond weighting through buying Invesco Perpetual Corporate Bond and M&G Optimal. Expecting to see ranging equity markets we bought into a new holding of a range accrual structured product via Goldman Sachs which seeks absolute return in volatile markets. More recently, we have also started a move back into risk assets and increased our UK equity exposure through iShares FT100 which is an Exchange Traded Fund (ETF) listed on the London Stock Exchange.

REPORT OF THE INVESTMENT ADVISERS

for the period 23rd June 2008 to 31st March 2009 - continued

Outlook

The economic and corporate news continues to be bleak both here in the UK and around the World. Governments and central banks have been throwing liquidity at the financial markets in order to reflate the economy. Investors have feared a depression rather than a severe recession and are desperate to see evidence of the stimulus beginning to work. However it is well known that economic data is a lagging indicator and there is a tendency for equities to recover before such evidence is reported. Perhaps we are seeing evidence of this now as deleveraging slows and the credit markets gradually begin to function once more. It takes time to restore investor confidence but we believe that the portfolio is well positioned to capture a recovery in the financial markets.

Neptune Investment Management Limited

April 2009

PERFORMANCE RECORD

Fund Size

Date	Net asset value (£)	Net asset value pence per share		No. of shares in issue	
		Accumulation	Income	Accumulation	Income
31st March 2009	4,705,903	88.92	88.91	1,002,716	4,289,872

Share Price Range

Calendar Year	Accumulation Shares		Income Shares	
	Highest (pence)	Lowest (pence)	Highest (pence)	Lowest (pence)
2008*	101.81	87.65	101.81	87.65
2009*	93.22	85.92	93.22	85.92

*23rd June to 31st December, 2008

**1st January to 31st March, 2009

Other Relevant Prices

Date		Accumulation Shares		Income Shares	
		Pence per share		Pence per share	
23rd June 2008	Launch Date	100.00		100.00	
31st March 2009	Accounts Date	88.85		88.85	
18th May 2009	Latest Date	93.77		93.77	

Total Expense Ratio (TER)

It is the Investment Manager's policy to calculate the TER in line with the audited report and financial statements after completing a full twelve months of trading following the launch date. The first occurrence for this Fund is scheduled to be the 31st March 2010 and as such has not yet been produced.

Portfolio Turnover Rate (PTR)

The PTR is a ratio that reflects the volume of trading within the fund over the course of a twelve month period. The PTR is calculated by taking the sum of all transaction in securities and is expressed as a percentage of the fund's average net asset value. As the Fund was launched on the 23rd June 2008, an accurate PTR cannot be calculated.

Authorised Status

WAY MA Cautious Portfolio is an Investment Company with Variable Capital incorporated under the Open-Ended Investment Companies Regulations 2001 and is regulated by the Financial Services Authority as a Non-UCITS Retail Scheme pursuant to the Collective Investment Schemes sourcebook ("COLL").

Directors' Statement

The financial statements on pages 14 to 27 were approved by the ACD and signed on its behalf by:

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

WAY Fund Managers Limited
15th July 2009

Statement of the Authorised Corporate Director's Responsibilities

The Financial Services Authority's Collective Investment Schemes sourcebook requires the Authorised Corporate Director to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of its net income/expenditure and net gains or losses on the property of the Company for the period. In preparing those financial statements the Authorised Corporate Director is required to:

- comply with the Prospectus, UK generally accepted accounting principles and applicable UK accounting standards subject to any material departures which are required to be disclosed and explained in the financial statements;
- select suitable UK accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future; and
- comply with the disclosure requirements of the Statement of Recommended Practice relating to the Financial Statements of Authorised Funds issued in December 2005.

The Authorised Corporate Director is required to keep proper accounting records and to manage the Company in accordance with the Regulations and the Prospectus. The Authorised Corporate Director is responsible for taking steps for the prevention and detection of fraud and other irregularities.

Statement of the Depositary's Responsibilities in respect of the Scheme and Report of the Depositary to the Shareholders of WAY MA Cautious Portfolio ("the Company")

The Depositary is responsible for the safekeeping of all of the property of the Company which is entrusted to it.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the Financial Services Authority's Collective Investment Scheme sourcebook (COLL), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations) and the Company's Instrument of Incorporation, in relation to the pricing of, and dealings in, shares in the Company; the application of income of the Company; and the investment and borrowing powers of the Company.

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 Authorised Corporate Director:

- (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 COLL and, where applicable, the OEIC Regulations and the Instrument of Incorporation of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

State Street Trustees Limited
20 Churchill Place
Canary Wharf
London E14 5HJ

15th July 2009

Report of the Independent Auditor to the Shareholders of WAY MA Cautious Portfolio

We have audited the financial statements of WAY MA Cautious Portfolio for the period ended 31st March 2009 which comprise the statement of total return, the statement of change in shareholders' net assets, the portfolio statement, the balance sheet, the summary of material portfolio changes and notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in accordance with regulation 67(2) of the Open-Ended Investment Companies Regulations 2001, and with Rule 4.5.12 of the Collective Investment Schemes sourcebook issued by the Financial Services Authority under section 247 of the Financial Services and Markets Act 2000. 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.

Respective Responsibilities of the Authorised Corporate Director and the Auditor

The Authorised Corporate Director's responsibilities for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice "Financial Statements of Authorised Funds" issued by the Investment Management Association, the Financial Services Authority's Collective Investment Schemes sourcebook, and the Instrument of Incorporation are set out in the Statement of the Authorised Corporate Director's Responsibilities .

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice "Financial Statements of Authorised Funds" issued by the Investment Management Association, the Financial Services Authority's Collective Investment Schemes sourcebook, and the Instrument of Incorporation. We also report to you whether in our opinion the information given in the Authorised Corporate Director's Report (which comprises of the management and professional service details, the constitution, the report of the investment adviser, and the authorised status) is consistent with the financial statements, and state whether we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In addition we report to you if, in our opinion, proper accounting records for the Company have not been kept, or if the financial statements are not in agreement with those records.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the Authorised Corporate Directors' Report and the Performance Record. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authorised Corporate Director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Company as at 31st March 2009 and of the net expense and net loss of the scheme property of the Company for the period then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice "Financial Statements of Authorised Funds" issued by the Investment Management Association in December 2005, the Financial Services Authority's Collective Investment Schemes sourcebook, and the Instrument of Incorporation; and
- the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

We have been given all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Grant Thornton UK LLP
Registered Auditor and Chartered Accountants
London, England

15th July 2009

STATEMENT OF TOTAL RETURN

for the period 23rd June 2008 to 31st March 2009

		2009	
	Notes	£'000	£'000
Net loss on investments			
during the period	2		(282)
Income	3	31	
Expenses	4	(38)	
Finance costs: Interest	6	-	
Net expense before taxation		(7)	
Taxation	5	-	
Net expense after taxation			(7)
Total return before distributions			(289)
Finance costs: Distributions	6		1
Change in net assets			(288)
attributable to shareholders			

STATEMENT OF CHANGE IN SHAREHOLDERS' NET ASSETS

for the period 23rd June 2008 to 31st March 2009

		2009	
		£'000	£'000
Net assets at the start of the period			-
Movement due to sales and repurchases of shares			
Amount receivable on issue of shares		5,392	
Less: Amounts payable on cancellation of shares		(398)	
			4,994
Change in net assets attributable to shareholders (see above)			(288)
Net assets at the end of the period			4,706

PORTFOLIO STATEMENT

as at 31st March 2009

Holding	Market Value £	Percentage of total net assets %
Europe 14.22%		
3,750	BNP Paribas InstiCash (Acc)	621,031 13.20
20,711	Capita Neptune European Class 'B' (Inc)	47,946 1.02
	668,977	14.22
Far East 1.79%		
7,056	Chirin Asia Absolute Alpha 'I'	68,659 1.46
80	Veritas Class 'A'	15,387 0.33
	84,046	1.79
Far East - Investment Trusts 0.36%		
7,000	INVESCO Asia Trust	5,828 0.12
10,000	Schroder Asia Pacific	11,250 0.24
	17,078	0.36
Global 0.26%		
12,821	Allianz RCM Bric Stars (Acc)	12,386 0.26
Japan 0.98%		
3,500	iShares MSCI Japan Fund	19,040 0.40
41,828	Martin Currie Japan Alpha B	27,381 0.58
	46,421	0.98
United Kingdom - Equities 0.25%		
17,000	Medicx	11,730 0.25
United Kingdom - Investment Trusts 1.36%		
100,000	FRM Credit Alpha Preference Fund	64,000 1.36
United Kingdom - Collective Schemes 57.87%		
1,974	Blackrock UK Special Situations (Inc)	16,557 0.35
485,719	F&C Progressive Growth Class 2 (Acc)	478,287 10.16
564,780	Goldman Sachs Sterling Liquid Reserves	564,780 12.00

PORTFOLIO STATEMENT

as at 31st March 2009

Holding	Market Value £	Percentage of total net assets %
United Kingdom - Continued		
612,298	Insight Liquidity Fund	612,298 13.01
323,668	INVESCO Corporate Bond	277,416 5.90
1,400	iShares FTSE 250	8,820 0.19
188,600	iShares IFTSE 100	742,141 15.77
25,497	River & Mercantile UK Equity 'A'	17,538 0.37
19,000	Terra Catalyst	5,605 0.12
	2,723,442	57.87
United States Of America - 10.79%		
76,800	iShares S&P 500	425,856 9.05
1,000	ETFS Oil Securities	27,338 0.58
870	Gold Bullion Securities	54,569 1.16
	507,763	10.79
Global - Structured Products 1.92%		
84,000	Goldman Sachs FTSE 100 20/10/2011	81,648 1.74
29,000	Harewood Structure	8,700 0.18
	90,348	1.92
	4,226,191	89.62
	Net other assets	479,712 10.20
	Total net assets	4,705,903 99.82

Note: There are no comparative figures as the Fund launched on 23rd June 2008

All holdings within the portfolio statement are Collective Investment Schemes unless otherwise stated.

Portfolio of Investments	Market Value £	Percentage of Investments %
Collective Investment Schemes	4,034,335	95.46
Equities	92,808	2.20
Structured Products	99,048	2.34
Investments as shown in the balance sheet	4,226,191	100.00

BALANCE SHEET

as at 31st March 2009

	Notes	2009 £'000
Assets		
Portfolio of Investments		<u>4,226</u>
Debtors	7	373
Cash and bank balances		<u>115</u>
Total other assets		<u>488</u>
Total assets		<u>4,714</u>
Liabilities		
Creditors	8	<u>(8)</u>
Total liabilities		<u>(8)</u>
Net assets attributable to shareholders		<u><u>4,706</u></u>

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the period 23rd June 2008 to 31st March 2009

Purchases	Cost	Note Sales	Proceeds
	£'000		£'000
Insight Liquidity Fund	1309	Insight Liquidity Fund	698
Goldman Sachs Liquid Reserves	948	Goldman Sachs Liquid Reserves	385
iShares IFTSE 100	825	M&G Optimal (Inc)	299
BNP Paribas Insticash (Acc)	813	BNP Paribas Insticash (Acc)	200
F&C Progressive Growth Class 2 (Acc)	516	JPMorgan Europe Dynamic (Ex-UK) 'B' (Acc)	31
iShares S&P 500	470	RAB European Dynamic 'A'	21
INVESCO Corporate Bond	285	Coupland Cardiff CC Japan Alpha 'B'	19
M&G Optimal (Inc)	283	INVESCO Corporate Bond	2
FRM Credit Alpha Preference Fund	105		
Goldman Sachs FTSE 100 20/10/2011	84		
Chirin Asia Absolute Alpha 'I'	70		
Capita Neptune European 'B' (Inc)	46		
JPMorgan Europe Dynamic (Ex-UK) 'B' (Acc)	45		
Gold Bullion Securities	41		
ETFS 2Month Oil Securities	41		
RAB European Dynamic 'A'	32		
Martin Currie Japan Alpha 'B'	32		
Coupland Cardiff CC Japan Alpha 'B'	27		
Harewood Structure	25		
River & Mercantile UK Equity 'A'	24		
Other	141		
Total for the year	<u>6,162</u>	14 Total for the year	<u>1,655</u>

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

During the period, only eight stock holdings were sold.

NOTES TO THE FINANCIAL STATEMENTS

for the period 23rd June 2008 to 31st March 2009

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

Dividends from equities and distributions from Collective Investment Schemes are included in the property when the investment is quoted ex-dividend/distribution respectively. Income from holdings of accumulation shares or units by the Fund is recognised net of tax credits in the income account. Bank interest is accounted for on an accruals basis.

Expenses

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

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 shares. 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

The Scheme will pay any surplus income as a distribution/accumulation.

Valuations

All investments, which include collective investment schemes, equities and structured products 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.

Dilution Levy

In certain circumstances the ACD may charge a dilution levy, in accordance with the FSA Regulations, on the sale of repurchases of shares, which is paid into the Fund and included in the Statement of Change in Shareholders; Net Assets. The levy is intended to cover certain dealing charges not included in the bid market value of the Fund used in calculating the share price, which could have a diluting effect on the performance of the Fund.

NOTES TO THE FINANCIAL STATEMENTS

for the period 23rd June 2008 to 31st March 2009 - continued

1. Accounting Policies - continued

Foreign Currencies

Assets and liabilities in currencies other than Sterling are translated into Sterling at the exchange rates prevailing at 12 noon on the last working day of the accounting period. Transactions in foreign currencies are translated at the exchange rate prevailing at the transaction date.

Taxation

The charge for taxation is based on the income for the year. UK dividend and franked CIS income is disclosed net of any related tax credit. The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19.

2. Net loss on investments

The net loss on investments during the period comprise:

	2009 £'000
Non-derivative securities	<u>(282)</u>
Net loss on investments	<u><u>(282)</u></u>

3. Income

	2009 £'000
Bank interest	2
Unfranked CIS revenue	<u>29</u>
	<u><u>31</u></u>

NOTES TO THE FINANCIAL STATEMENTS

for the period 23rd June 2008 to 31st March 2009 - continued

4. Expenses

	2009 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director:	
ACD's periodic charge	<u>32</u>
	32
Payable to the Depositary or associates of the Depositary:	
Security transaction charges	2
Depositary fees	<u>4</u>
	6
Other expenses:	
Audit fees*	<u>-</u>
	<u>-</u>
Total expenses	<u><u>38</u></u>

*Registrar's fees and Audit fees are paid by the Authorised Corporate Director.

NOTES TO THE FINANCIAL STATEMENTS

for the period 23rd June 2008 to 31st March 2009 - continued

5. Taxation

	2009 £'000
a) Analysis of charge in period:	
UK income tax irrecoverable	-
Current tax charge (note 5b)	-
	<hr/>
Deferred tax (note 5c)	-
Total Taxation	-
	<hr/> <hr/>
b) Factors affecting taxation charge for the period:	
Net expense before taxation	(7)
	<hr/> <hr/>
Corporation tax at 20%	(1)
Effects of:	
Unutilised management expenses	1
Current tax charge (note 5a)	-
	<hr/> <hr/>
c) Deferred tax	
Provision at the start of the period	-
Deferred tax charge in the period	-
Provision at the end of the period	-
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

for the period 23rd June 2008 to 31st March 2009 - continued

6. Finance Costs

Distributions and Interest

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

	2009
	£'000
Final distribution	-
Final accumulation	-
	<hr/>
	-
Deduct: Income received on issue of shares	<hr/> (1)
Net distribution for the period	(1)
Interest	-
	<hr/>
Total finance costs	(1)
	<hr/> <hr/>

7. Debtors

	2009
	£'000
Amounts receivable for creation of units	59
Currency deals awaiting settlement	314
	<hr/>
	373
	<hr/> <hr/>

8. Creditors

	2009
	£'000
Accrued expenses	8
	<hr/>
	8
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

for the period 23rd June 2008 to 31st March 2009 - continued

9. 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 Fund.

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

Amounts payable to WAY Fund Managers Limited in respect of ACD's periodic charges are disclosed in note 4. £5,633 was due at the period end.

Amounts payable to State Street Trustees Limited in respect of Depositary fees, safe custody charges and security transaction charges are disclosed in note 4. £2,497 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 Fund during the period.

10. Share Classes

The Fund currently has Income and Accumulation shares in issue. The annual management charge on each share class is as follows:

Income shares: 1.45%

Accumulation shares: 1.45%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the performance record on page 6. Both classes have the same rights on winding up.

11. Financial Instruments

In pursuing its investment objective set out on page 4 the Fund may hold a number of financial instruments. These comprise:

- units and shares in collective investment vehicles. These are held in accordance with the Fund's investment objective and policies;

NOTES TO THE FINANCIAL STATEMENTS

for the period 23rd June 2008 to 31st March 2009 - continued

11. Financial Instruments - *continued*

- equity and non-equity shares, structured products, fixed income securities, and floating rate securities. These are held in accordance with the investment objectives and policies of the Fund;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- shareholders' funds which represent investors' monies which are invested on their behalf; and
- temporary borrowings used to finance investment activity.

12. Risks of Financial Instruments

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, liquidity and credit risks. The ACD reviews (and agrees with the Depositary) policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year 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 Fund 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 ACD does not use derivative instruments in accordance with the Fund's investment policy to hedge the investment portfolio against market risk, as in their opinion the cost of such a process would result in an unacceptable reduction in the potential for capital growth.

- *Foreign currency risk* - the Fund's financial assets and liabilities are invested in a variety of asset classes, some of which may be valued in currencies other than Sterling. As a result, the Fund may have both direct and indirect exposure to foreign currency movement which may affect the Sterling value of the portfolio.

NOTES TO THE FINANCIAL STATEMENTS

for the period 23rd June 2008 to 31st March 2009 - continued

12. Risks of Financial Instruments - *continued*

Foreign currency exposure as at 31st March 2009:

	Monetary exposures 31/03/09 £'000	Non-Monetary exposures 31/03/09 £'000	Total 31/03/09 £'000
US Dollar	-	82	82

- *Interest rate risk* - the Fund also invests in bond funds and is therefore subject to the underlying funds' interest rate risk. The Fund's financial liabilities are non-interest bearing which mature within one year.

	Floating Rate financial assets 31/03/09 £'000	Fixed Rate financial assets 31/03/09 £'000	Financial assets not carrying interest 31/03/09 £'000	Total 31/03/09 £'000
Currency				
Sterling	115	-	4,144	4,259
US Dollar	-	-	82	82
	115	-	4,226	4,341

	Floating Rate financial liabilities 31/03/09 £'000	Fixed Rate financial assets 31/03/09 £'000	Financial liabilities not carrying interest 31/03/09 £'000	Total 31/03/09 £'000
Currency				
Sterling	-	-	-	-

Interest rate risk profiles of financial assets and financial liabilities exclude short term debtors and creditors.

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

NOTES TO THE FINANCIAL STATEMENTS

for the period 23rd June 2008 to 31st March 2009 - continued

12. Risks of Financial Instruments - continued

- *Liquidity risk* - the Fund's assets comprise mainly realisable securities, which can be readily sold. The Fund may also hold unregulated funds and/or unapproved securities, the liquidity of which may be lower than their regulated and approved equivalents. The main liability of the Fund is the redemption of any shares that investors wish to sell;
- *Credit risk* - certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its responsibilities.

Where applicable the Fund 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.

13. Contingent liabilities

There were no contingent liabilities at the period end.

14. Portfolio Transaction Costs

Analysis of total costs:

	2009
	£'000
Purchases in period before transaction costs	6,160
Commissions	2
Total purchase costs	2
Gross purchase costs	6,162

Analysis of total sale costs:

Gross sales before transaction costs	1,655
Commissions	-
Total sales costs	-
Total sales net of transaction costs	1,655

GENERAL INFORMATION

The Fund

WAY MA Cautious Portfolio is an Investment Company with Variable Capital (ICVC). It was authorised by the Financial Services Authority with effect from 29th May 2008 and is categorised as a Non-UCITS Retail Scheme.

The Authorised Corporate Director ('ACD')

The ACD is the sole director of WAY MA Cautious Portfolio and is responsible for all aspects of administration and management within the ICVC. The ACD is WAY Fund Managers Limited, Cedar House, 3 Cedar Park, Cobham Road, Wimborne, Dorset, BH21 7SB.

WAY Fund Managers Limited is authorised and regulated by the Financial Services Authority and is a member of the IMA (Investment Management Association).

The Depositary

The Depositary acts as the custodian for all assets relating to WAY MA Cautious Portfolio. The Depositary is State Street Trustees Limited, 20 Churchill Place, Canary Wharf, London, E14 5HJ. The Depositary is authorised and regulated by the Financial Services Authority.

The Investment Adviser

With effect from 5th June 2009 the Investment Adviser to the Fund changed to North Investment Partners Limited, Lion House, Red Lion Street, London, WC1R 4GB. The same fund management team will continue to be responsible for the management of the OEIC and as such there will be no change to the day to day running of the Fund and investment style employed.

Prospectus

Copies of the Fund's Prospectus are available free of charge from the ACD upon request.

Share Type

The Fund issues Income and Accumulation shares.

Pricing and Dealing

Mid prices are always quoted for shares in the Fund.

GENERAL INFORMATION - continued

Dealing in all ICVCs 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 normally buy and sell shares over the telephone. 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 respect of large deals, which for the purpose is defined as a single purchase or redemption of shares equivalent to more than 2% of the Net Asset value of the Fund, the ACD may charge a dilution levy on the price of shares. In respect of a purchase, this is added to the cost and, in respect of a redemption, this is deducted from the proceeds. The amount is not retained by the ACD but is paid into the Fund.

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

A contract note in respect of any purchase will be issued immediately and full settlement, in cleared funds, is due within four business days of the purchase date (for the WAY Inheritor Plan, full settlement is required before shares can be purchased). Share certificates will not be issued. Instructions to sell your shares 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.

Dilution

The actual cost to the Fund of purchasing or selling its investments may be higher or lower than the mid-market value used in calculating the share price, e.g., due to dealing charges or through dealing at prices other than the mid-market price. In normal circumstances these costs are charged to the Fund. Under certain circumstances (e.g. large volumes of deals) this may have an adverse effect on the interests of shareholders generally. In order to prevent this effect, called 'dilution', WAY Fund Managers has the power to charge a dilution levy on the sale and/or redemption of shares. The dilution levy will be applied at outset and will be paid into and will become part of the Fund. The dilution levy for the Fund will be calculated by reference to the costs of dealing in the underlying investments of the Fund, including any dealing spreads, commission and transfer taxes.

GENERAL INFORMATION - continued

Management Charges, Spreads and Yields

The initial charge for the Fund is 5.25% and the periodic charge is 1.45%.

Certain other expenses are met by the Fund, the nature of which are detailed in the Fund's Prospectus.

Reports

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

Publication of Prices

The price of shares in the Fund is quoted daily on the web pages of Financial Express at www.fundlistings.com.

Stamp Duty Reserve Tax

Stamp Duty Reserve Tax ("SDRT") is a 0.5% tax that may be payable by the ACD, for which the Depositary may become liable when shareholders sell their shares in the Fund. This may have an affect on you as the shareholder depending on how the ACD will be treating this particular charge. Subject to limits contained within the Fund's Prospectus, any SDRT liability incurred by WAY MA Cautious Portfolio will be charged to the Fund, which could mean that less of your money will be invested for potential capital and income growth.

Capital Gains Tax

As an ICVC, the Fund is exempt from UK Capital Gains tax. An individual's first £9,600 of net gains on disposals in the 2009/2010 tax year are exempt from tax. Gains in excess of £9,600 for 2008/2009 will be taxed according to how long the investment has been held for years after 6th April 1998.

Important Information

It is important to remember that the price of shares, 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 shares 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 ICVC investment as long term.