



The WAY Group

Now is the winter of our CONTENT???

Welcome to the winter edition of two WAY and as I write there is a perceptible drop in temperature. There is an old Billy Connolly line that goes "In Scotland, there is no such thing as bad weather – only the wrong clothes," and in recent times the economic backdrop has certainly meant that businesses have had to look at the way they are dressed.



It's a recurring theme in conversations I've held with IFAs this year that activity has been focussed on the structural side of the business and not on the availability or innovation of fresh products in the market. Here at WAY, it has been pretty much the same story. Our own wardrobe has been well and truly vetted to make sure we have the right clothes and internally this has probably been the busiest year in our history yet, although this should and would have largely gone unnoticed by you, our customers.

There has been a considerable overhaul of the administrative side of our business with functions

previously outsourced now completed in-house and all fund accounting and valuation work will shortly be in the hands of a different provider. Allied to plans for increasing our office space and beefing up our in-house technical and compliance expertise, it really has been a time of change.

Perversely, of course, this internal activity has meant that we have been quieter than hitherto on the product and fund front – all I will say is "watch out for 2010".

The whole purpose of these in-house machinations is that we are dressed properly for the future in that we have the capacity to manage the business kindly introduced by IFAs and that

we have the scope and flexibility to bring creative and useful product to the market.

Someone - who wasn't Billy Connolly - said "Your task isn't to foresee the future, it is to enable it". That's been the WAY maxim for 2009; the next edition of this seasonal newsletter will give evidence to that quest.

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:
£594m (31 October 2009)

Total number of retail funds:
6 WAY funds, 38 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



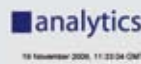
John Husselbee is the chief executive of North Investment Partners, an independent investment management company, dedicated to delivering innovative, practical and profitable investment solutions to a variety of carefully selected clients.

John has over twenty years experience in running multi manager portfolios garnered at both Henderson Global Investors, where he was director of multi manager investment, and Rothschild Asset Management, where he was responsible for the launch and ongoing management of their portfolio management service.

Established in 2005, North has been instrumental in helping a number of IFA firms and asset management companies successfully create their own, unique investment propositions, and is quickly establishing a reputation for innovation, investment performance and high levels of client servicing. John is a well-respected commentator within the UK mutual fund industry and sits on the selection committee for the prestigious Investment Week Fund Manager of the Year Awards.

Question: When did you start managing WAY MA Cautious Portfolio?
Answer: North Investment Partners started managing the WAY MA Cautious Portfolio from launch in July 2008.

Question: What investment approach do you use to manage this Fund?
Answer: The North investment philosophy is built around active management and the fundamental belief that asset allocation is a key source of portfolio returns. North believes that, as an asset class, equities provide the key driver of returns over the longer term but that diversification can add value in the short term and the addition of other less correlated asset classes can dramatically reduce overall portfolio risk. The investment process has been developed over twenty years and is proven to be both robust and flexible enough to evolve and embrace the changing investment environment. North is a practitioner of the multi manager investment discipline, believing that a multi asset, multi manager approach can deliver consistent superior risk adjusted returns for clients. North will apply a high conviction approach to the selection of different asset classes, different managers and different investment vehicles to construct and manage this portfolio.



Total Return Bid-Ask line chart (from 23 Jun 2008 to 19 Nov 2009), of WAY MA Cautious Portfolio Fund and IMA Cautious Managed Sector from UK IMA UT and OEICs universe. Retased in Pounds Sterling



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Question: What is your current market outlook?
Answer: There are signs of the emergence of more stable economic data and the markets are no longer anticipating a depression or a slump. Whilst many investors have decided that the fiscal and monetary stimulus will eventually succeed in leading to a recovery, the question now is how sustainable is this recovery when the economic fundamentals remain poor? Unemployment continues to rise against a background of high levels of indebtedness amongst the government, businesses and households. The fact that corporate earnings continue to surprise is more a reflection of the behaviour of analysts who have swung from too optimistic to overly pessimistic in less than a year. For now, corporate earnings are being driven more by cost cutting than sales or revenue growth. However, we believe that we have seen the worst in terms of this economic slowdown and that 2010 will see the beginnings of a recovery. In my view, the Bank of England base rate will remain low and in this environment we continue to favour equities and corporate bonds.

Source: North Investment Partners, December 2009.

The Media Room The WAY Group in the MEDIA

City boys head to Jinja

The insider is always happy to see City boys applying their financial skills outside the Square Mile. Andrew Stevens, newly appointed chief operating officer of Way Fund Managers, will lead 30 scouts to Jinja, Uganda, next summer as part of the Wile 2010 initiative. Mr Stevens and his scouts aim to help raise the £100,000 needed to set up a vocational training centre for orphaned and vulnerable children to enable them to learn trades and support their livelihoods.

in brief

Way to shake up the management structure

Way Fund Managers (WFM) and their wholly owned subsidiary, Way Investment Management (WIM), have announced a management change at WIM as part of a reorganisation of the company. Andrew Stevens, former chief operating officer and now chief executive, will replace David Pook.

fundstrategy

WAY undergoes staffing restructure

fs

Matthew Smith

Way Fund Managers' third party division, WIM, is undergoing a staff restructure following the departure of David Pook, the chief executive.

Pook is retiring at the end of September after nine years with the group, during which assets have grown to over £300m.

Andrew Stevens, the former compliance director, will now replace him and take on the title of chief operating officer.

Paul Wilcox, the chairman and technical director of the WAY Group, will now head WAY Fund Managers, and the senior management team will consist of Vince Hoare, a technical director, David Williams, a client relations manager, and Richard Gubben, a compliance manager.

The group is planning to expand, with new additions to its client offering to be unveiled in the autumn, it says.

MARK BENSON

A capital way to income

Investors can benefit from a combination of cash and income from a portfolio of long-term or hedge income.

The fund manager of the WAY MA Cautious Portfolio (1.17%) which is aimed towards all of the funds in existence to the extent that the fund is not closed to new investors. The fund manager of the WAY MA Cautious Portfolio (1.17%) which is aimed towards all of the funds in existence to the extent that the fund is not closed to new investors.



New rules, new benefits – WAY Inheritor Plan holders stand to gain from changes to CGT hold-over relief

Recent changes in legislation have improved the tax efficiency of the WAY Inheritor Plans. Mark Benson, WAY Investment Services' technical manager looks at these changes and explains how investors in the WAY Inheritor Plan can benefit from the new rules.

There have been a number of significant changes to capital taxes over the last few years, from the expansion of the Relevant Property regime for IHT in March 2006, to the introduction of flat-rate CGT with effect from the 2008/09 tax year. As a by-product of these changes CGT hold over relief can now be claimed where appointments are made from the WAY Inheritor Plans to beneficiaries.

CGT hold over relief is available under s260 of the Taxation of Capital Gains Act 1992 (TCGA 1992), and allows the gain calculated on the deemed disposal of assets being transferred to be held over where that transfer is a chargeable transfer for IHT to a UK resident. It is therefore available for transfers from individuals into "Relevant Property" trusts where the transfer is assessed for the entry charge to IHT; and for transfers from such trusts to individuals (beneficiaries) where the transfer is assessed for the exit charge to IHT. The relief is available whether or not IHT is actually paid on the transfer – thus plans within the nil rate band may benefit.

WAY Inheritor plans settled on or after 22nd March 2006 are now deemed to be Relevant Property, and the transfers

into the trust and out to beneficiaries are chargeable transfers. These trusts do therefore have the potential to claim hold over relief in some circumstances, subject to the anti-avoidance provisions which have a significant impact on the plans.

There were previously two sets of anti-avoidance provisions within TCGA 1992 that restricted the use of hold over relief. These provisions affect the WAY Inheritor Plans because the plans are settlor-interested due to the existence of the reversionary interest in favour of the settlor. When the flat rate CGT regime was introduced from April 2008, the set of these rules that prevented claiming hold over on appointments of capital from the trustees to beneficiaries was repealed. This means that the restrictions now only apply to the initial transfer from the settlor to the trustees.

Where appointments are made to beneficiaries this is a disposal for CGT purposes which would see any gain assessed on the trustees after allowing for their (maximum) half of the individual annual exempt amount (AEA). Where a claim for hold over is made, the individual AEAs of each beneficiary receiving assets from the trust can be brought

into use thus substantially increasing the amount of the gain that is tax free. The benefits can be increased by making the appointments over a number of tax years allowing multiple use of each AEA.

Since many or even most beneficiaries will not routinely use their CGT annual exemption, the availability of hold over relief and the flat 18% CGT rate offers a powerful opportunity to shrink or eliminate the potential tax bill - even on very substantial gains. The availability of this relief will therefore further confirm the suitability of the unit trust based WAY Flexible Inheritor Plan as the IHT mitigation strategy of choice "for most people, most of the time".

Please note: Due to space limitations we have not detailed the complete operation of the relief and there are, for example, circumstances where the relief may be clawed back. We strongly recommend that professional advice is sought before any transfers or disposals are made. This article is based upon WAY Investment Services Ltd's understanding of tax legislation and HMRC practice as at November 2009.



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.

Cab for Mr Pook!

End of an era as City legend David Pook retires from financial services

David will be known to many of WAY's long standing IFA supporters who will unsurprisingly learn that his future thoughts are far from the realms of quiet domesticity. His first project is a stint in South Africa assisting his brother in establishing a safari company!

David joined the nascent WAY in 1999, after a 35 year successful career in financial services, with the express remit to set up and establish the company's own fund management company. He declared at the outset that this was to be his 'swansong' and that he would give it five years. Hiding his calendar and turning the clocks back enabled us to hang onto him for a further four years, but he has now hung up his laptop.

All at WAY and those who encountered him in his time in the industry know that he has earned a well-deserved rest and bid him thanks and best wishes for the years ahead.

ANDREW STEVENS

With David having achieved what he set out to do at WAY, the fund management company has established itself and has grown in size and scope under his leadership.

With plans for greater expansion, WAY Fund Managers has been re-structuring during the

planned countdown to his departure and WAY Group chairman, Paul Wilcox, will assume the MD role of this arm of the Group, whilst the compliance director, Andrew Stevens, will become chief operating officer.

Andrew has been in the financial services sector for over 15 years. He started his career in stockbroking with exposure to back office (operations) and front office (dealing). He then specialised in compliance, including involvement in a number of large projects concerning the introduction of the Crest settlement system and the SETS trading system of the London Stock Exchange and also the selection and migration of custody services between providers. Since May 2006 Andrew has been responsible for all aspects of compliance within the WAY Group and is also the money laundering reporting officer.

Outside of WAY, Andrew is a scout leader and involves himself in all manner of outdoor activities, both in and out of scouting. Keen on challenges and travel off the beaten track, Andrew ran the London Marathon again this year, has taken part in the three peaks challenge, skydived and is currently working hard on an expedition for 2010 when he will take his scouts to Uganda to build a vocational training centre for orphans and vulnerable children (www.nile2010.co.uk).



David Pook

Andrew Stevens

Cash Trust AMC reduced to zero



IFAs who have clients in the WAY Income Plan will be interested to know that we have reduced the annual management charge on the Elite Income Plan Cash Trust temporarily to zero (0%).

With bank rates where they are, the return on a cash trust is negated by the quoted charge (0.5%) so we have taken the decision to bear the cost of the investment manager charge until further notice.

Distinction for Mark is distinct advantage for you



When calling in to WAY's head office to discuss a prospective IHT case or the options on an existing one, many of you will have talked through with our technical manager of three years, Mark Benson.

Mark's background in the financial services sector prior to joining WAY was broad and varied, encompassing ten years in city wholesale financial markets where he worked in operations management and trading roles in interest-rate derivatives before moving into personal financial planning as an IFA.

He was persuaded to move location and career path in 2006 to head up our technical department and has been a boon to us and, most importantly, our supporters.

In June, he sat and passed - with distinction - his final paper of the Society of Trust and Estate Practitioners Examination and now carries the STEP suffix on his business card.

With his season ticket at Harlequins Rugby Club bringing him greater angst than glory at present, Mark is only too happy for you to call him and keep to matters of a professional nature.

End of a decade

Has there been a more challenging/turbulent/frustrating one for the industry? No attempt is made in this space to analyse but one observation, in this last publication of the decade, has been the proliferation of people making money within the industry who are not regulated in the provision and delivery of financial advice to the public - newspapers, websites, portfolio tools, fund analysis, compliance consultants etc. All worthy contributors, but the wish for the decade of 2010 onward is that opportunity and reward goes to the practitioners.