



WAY Fund Managers Limited

**WAY Global Cautious
Portfolio Fund**

Final Report and Audited Financial Statements
for the accounting year ended 31st March 2010

Issue date 29th July 2010

WAY GLOBAL CAUTIOUS PORTFOLIO FUND

Authorised Corporate Director's Report and Accounts
for the year ended 31st March 2010

Contents	Page
Management and Professional Service Details	2
Constitution	3
Investment Objective and Policy	3
Report of the Investment Advisers	4
Portfolio Statement	8
Performance Record	10
Authorised Status	12
Directors' Statement	12
Statement of the Authorised Corporate Director's Responsibilities	13
Statement of the Depositary's Responsibilities & Report of the Depositary to Shareholders	14
Report of the Independent Auditor	15
Statement of Total Return	17
Statement of Change in Net Assets Attributable to Shareholders	17
Balance Sheet	18
Notes to the Financial Statements	19
General Information	32

WAY GLOBAL CAUTIOUS PORTFOLIO FUND

Authorised Corporate Director (“the ACD”)

WAY Fund Managers Limited
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Independent Auditor

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Directors of WAY Fund Managers Limited

P Wilcox (Chairman)
P Legg
V Hoare
A Stevens

Investment Adviser

FundQuest UK Limited*
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London EC4V 4AY

WAY Investment Managers Limited**
50 Leadenhall Street
London EC3A 2BJ

Depository

State Street Trustees Limited
20 Churchill Place
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Registrar

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

* FundQuest ceased acting as investment adviser 31st January 2010.

** With effect from 1st February 2010 WAY Investment Managers Limited were appointed as investment adviser.

REPORT OF THE DIRECTOR

CONSTITUTION

WAY Global Cautious Portfolio Fund ("the Company" or "Fund") is an open-ended investment company with variable capital incorporated in England and Wales (number: IC000381) under the OEIC Regulations. It is a "Non-UCITS Retail Scheme" which complies with the requirements of Chapter 5 of the COLL sourcebook. The authorisation of the Company by the FSA was made effective on 25th February 2005. The Company has an unlimited duration. Shareholders are not liable for the debts of the Company.

INVESTMENT OBJECTIVE AND POLICY

The objective of the Fund is total investment return, through conservative investment in a diversified portfolio of collective investment schemes, investment trusts, other 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. Unregulated collective investment schemes may be used up to the full extent permitted by the Regulations.

The portfolio will be actively managed. Derivatives will not be used. Currency hedging transactions may be used where appropriate, and borrowing will be permitted on a temporary basis under the terms of the Regulations.

REPORT OF THE INVESTMENT ADVISERS

for the year ended 31st March 2010

For period 1st April 2009 to 31st January 2010

Portfolio

Equity markets during the middle part of 2009 were notable for their contrast to the preceding six months, as investor confidence and risk appetite returned with a vengeance. The good news that was the decline in the deterioration of macroeconomic indicators and positive corporate news for the first quarter earnings season were the initial catalysts, and were subsequently followed by other events such as the G20 undertakings in April and the successful stress testing of the US banking system.

However, despite these positive factors, other latent concerns emerged in the autumn and investor nervousness became more apparent in November, when the standstill agreement requested by the Dubai World conglomerate on part of its debt triggered a violent (albeit short-lived) reaction within equity markets, including those of developed countries. Towards the very end of the year though, support from the still accommodative stance of the major central banks; the weakness of the US dollar (up to early December) and the firmness of commodity prices kept markets on an upward trend going into January.

Consensus expectations of a continued modest rally for the early part of 2010 were disappointed when a sudden and sharp consolidation set in two-thirds of the way through January. Investors reacted very strongly to measures aimed at curbing bank lending slightly in China and draft legislation in the US to limit the size of banks and their market trading activities. Investor concern also increased on publication of below-expectation US indicators (real estate transactions, employment and durable goods orders in particular), which manifested itself in a sharp rise in the VIX Volatility Index.

Through the summer rally we built up exposure to areas where we felt growth would be stronger, adding to our Asia, Emerging Markets and Resources holdings. We continued with this strategy into the autumn and also added to growth orientated and more aggressively managed funds. We sold down some of our more defensively positioned or value orientated managers, such as CF Odey Continental European, Invesco Perpetual Income and CF Morant Wright Japan, in favour of more aggressively managed funds such as Neptune European Opportunities, which is new to the portfolio, and Fidelity South East Asia. Other changes we made in the portfolio more recently was the sale of GLG Japan CoreAlpha, which was replaced by Invesco Perpetual Japan, and the introduction of IVI European to the portfolio, to further diversify our European exposure.

Performance

Over the ten month period ending 31 January 2010, the WAY Global Cautious Portfolio Trust posted a return of 14.95%, lagging the IMA Cautious Managed sector average return of 21.58%. Despite the disappointing shorter-term performance, it is nevertheless pleasing to note that over the longer term, the Fund remains ahead of the peer group; since launch in 2005, the Fund returned 3.17% on an annualised basis compared to the sector average return of 2.98%. The underperformance over the last ten months was not unexpected, given that the Fund tends to lag in strong bull markets.

REPORT OF THE INVESTMENT ADVISERS

for the year ended 31st March 2010 - continued

However, strong outperformance in down markets, as evidenced by the returns shown below for 2008 has served to reduce overall fund volatility.

Cumulative Performance

Performance to 31st March	4 Months	10 months	2 Years	3 Years	Since Launch* (annualised)
	%	%	%	%	%
WAY Global Cautious Portfolio Fund ACC	0.18	14.94	4.67	1.92	3.17
WAY Global Cautious Portfolio Fund INC	0.18	14.95	4.69	1.95	3.17
IMA Cautious Managed Sector Average	1.30	21.58	0.67	-1.86	2.98

Discrete Performance

	2006	2007	2008	2009	YTD (31/03/10)
	%	%	%	%	%
WAY Global Cautious Portfolio Fund ACC	4.95	2.01	-10.45	12.83	5.05
WAY Global Cautious Portfolio Fund INC	4.95	2.10	-10.50	12.83	5.07

Source: Financial Express. Total return in £, revenue reinvested.

* Launch 28th February 2005

** FundQuest ceased to be investment adviser 31st January 2010

Performance of Underlying Funds

Performance of the underlying funds was strong over the four month period, with the majority of the funds held outperforming their respective peer groups. Of particular note was the outperformance of Invesco Perpetual Income, which having disappointed through most of 2009 (partly due to being underweight Financials, particularly Banks), the fund performed very strongly towards the end of the year. It is also pleasing to note that the bond funds, US and absolute return funds performed well over the period.

† FundQuest UK Limited
April 2010

† With effect from 1st February 2010 WAY Investment Managers Limited were appointed by WAY Fund Managers Limited to manage the WAY Global Cautious Portfolio Fund.

REPORT OF THE INVESTMENT ADVISERS

for the year ended 31st March 2010 - continued

For period 1st February 2010 to 31st March 2010

Portfolio Review

The management of the Global funds was taken "in house" from 1st February 2010.

Global equity markets took something of a dip in the early part of February but were soon recovering lost ground and in sterling terms made good progress to the end of March. Survey data in the major world economies was trending higher with the growth story being broadly evident for the past nine months or so. This has been coupled with progressively higher earnings estimates in most developed markets following reporting surprises on the upside notably in the UK where corporate earnings have been helped by weak sterling. Market volatility remained benign, peaking early in February and then trailing off towards the end of March.

Performance - Cautious

Over the two month period ending 31 March 2010 WAY Global Cautious Portfolio Fund returned 6.39% ahead of the IMA Cautious Managed Sector Average return of 4.93%. This has added to the longer term performance track record.

Cumulative Performance

Performance from 1st February 2010 to 31st March 2010[#]

	2 Months
	%
WAY Global Cautious Portfolio Trust ACC	6.38
WAY Global Cautious Portfolio Trust INC	6.39
IMA Cautious Managed Sector Average	4.93

Performance to 31st March	6 Months	12 Months	2 Years	3 Years	Since Launch* (annualised)
	%	%	%	%	%
WAY Global Cautious Portfolio Trust ACC	6.51	22.21	11.48	7.24	4.31
WAY Global Cautious Portfolio Trust INC	6.53	22.24	11.43	7.28	4.32
IMA Cautious Managed Sector Average	6.33	37.61	6.72	1.68	3.87

Source: Financial Express. Total return in £, revenue reinvested.

[#] WAY Investment Managers Limited was appointed as Fund Manager on 1st February 2010.

* Launch 28th February 2005

REPORT OF THE INVESTMENT ADVISERS

for the year ended 31st March 2010 - continued

Performance of Underlying Funds

The relative performance of most of the underlying funds continued to be strong. As would be expected upon a change in fund manager there were some underlying fund changes though this was expected to be and continues to be a gradual process. Gold has historically been a safe haven in times of uncertainty and an initial investment has been made into the Gold fund managed by Charteris, the holding in Schroder Agriculture sold and a new investment into Utilico Emerging Markets was funded by a reduction in the holding in Nevsky Global Emerging Markets. The New Star International Property was sold as was the Legal & General All Stocks Index Linked Fund. The latter was replaced by investments into Artemis Strategic Bond Fund, Schroder Strategic Bond Fund and Schroder Global Inflation Linked Fund. Finally, an initial investment was made into the EEA Life Settlements Fund. These changes have been beneficial to performance.

Outlook

If there is a recurring theme amongst market commentaries and forecasts for 2010 and beyond it is uncertainty that prevails. There is simply no experience of the current economic mix of developed world deficits, government intervention, political pontification, asymmetric global growth (or potentially decline) with a perceived shift in an economic sense towards the east.

Equity markets have made significant gains so far this year despite the uncertainties going forward. Within the heavily indebted developed markets the outlook for growth is not great and in the UK even less certain ahead of a General Election. Emerging markets and the Far East look set to continue to lead growth well beyond 2010.

Bond markets have continued to enjoy a return to more normalised market conditions though there remains plenty of opportunities within conventional corporates as well as the index linked market on an international basis.

Diversification will be a continuing theme with exposure to non-correlated alternative asset classes becoming more important as equity and bond market gains may become more illusive.

WAY Fund Managers Limited

23rd April 2010

PORTFOLIO STATEMENT

as at 31st March 2010

Holding	Market Value £	Percentage of total net assets %
Continental Europe 4.40% (2.85%)		
245,251 CF Odey Continental European (Acc)	1,314,326	1.66
55,388 IVI Umbrella European (Inc)	734,450	0.93
405,632 Neptune European Opportunities 'B' (Acc)	1,433,503	1.81
	3,482,279	4.40
Far East 8.28% (7.39%)		
449,787 CF Morant Wright Japan 'B' (Inc)	908,659	1.15
601,136 First State Asia Pacific Leaders 'B' (Acc)	1,984,350	2.50
318,187 Invesco Perpetual Japan (Acc)	862,065	1.09
8,500 Tokio Marine Far East Equity	2,809,616	3.54
	6,564,690	8.28
Global 23.36% (16.80%)		
944,075 Absolute Return Trust	1,154,132	1.45
1,247,992 Advance Frontier Markets	546,619	0.69
529,634 First State Global Resources 'B' (Acc)	2,017,376	2.54
715,486 Franklin Templeton Global Bond 'I' (Acc)	8,911,875	11.23
134,710 Schroder Global Inflation Linked Bond	2,983,835	3.76
26,051 Thames River Nevsky Global Emerging Markets	1,235,584	1.56
79,101 Threadneedle Global Technology	819,189	1.03
646,161 Utilico Emerging Markets	869,087	1.10
	18,537,697	23.36
United Kingdom 48.99% (62.45%)		
4,175,378 Artemis Strategic Bond	2,079,756	2.62
404,102 Baillie Gifford High Yield Bond 'B' (Acc)	559,277	0.70
2,286,883 Close UK Escalator 100 (Acc)	3,712,499	4.68
18,631 EEA Life Settlements	2,040,507	2.57
10,185,012 Fidelity Moneybuilder (Inc)	3,131,745	3.95
199,445 Fidelity Special Situations (Acc)	3,865,247	4.87
280,635 Invesco Perpetual Income 'B' (Inc)	3,333,545	4.20
49,573 JP Morgan Income Opportunity 'A' (Inc)	4,352,020	5.49
4,266,094 New Star Diversified Absolute Return (Acc)	2,469,215	3.10
6,824,585 Premier Absolute Growth	3,733,730	4.71
4,668,285 Schroder Strategic Bond (Inc)	2,076,920	2.62
5,147,901 Schroder UK Alpha Plus Retail 'A' (Acc)	6,074,523	7.66
1,360,338 WAY Charteris Gold Portfolio	1,440,598	1.82
	38,869,582	48.99

PORTFOLIO STATEMENT

as at 31st March 2010 - continued

Holding	Market Value £	Percentage of total net assets %
United States 3.81% (2.98%)		
46,434 Findlay Park American Smaller Companies	1,271,496	1.60
2,393,093 UBS US Growth 'B' (Acc)	1,755,333	2.21
	3,026,829	3.81
Portfolio of Investments		
88.84% (92.47%)	70,481,077	88.84
Net other assets	8,852,130	11.16
Net assets	79,333,207	100.00
	Market Value	Percentage
	£	of total
		Investments
		%
Collective Investment Schemes	69,065,371	97.99
Investment Trusts	1,415,706	2.01
	70,481,077	100.00

Note: Comparative figures shown in brackets relate to 31st March 2009.

PERFORMANCE RECORD

Fund Size

Date	Net asset value (£)	Net asset value pence per share			No. of shares in issue		
		'A' Acc	'B' Acc	'B' Inc	'A' Acc	'B' Acc	'B' Inc
31st March 2008	96,161,889	111.16	111.12	111.16	3,233,523	53,300,522	29,991,114
31st March 2009	90,362,628	100.67	100.31	100.34	9,234,412	47,987,706	32,817,580
31st March 2010	79,333,207	124.74	125.22	124.60	6,492,594	22,290,419	34,769,542

Share Price

Calendar Year	'A' Acc		'B' Acc		'B' Inc	
	Highest (pence)	Lowest (pence)	Highest (pence)	Lowest (pence)	Highest (pence)	Lowest (pence)
2006	-	-	114.60	107.10	114.60	107.10
2007	-	-	119.70	111.50	119.70	111.50
2008	115.60	82.00	117.60	96.89	117.60	96.92
2009	119.24	98.05	118.63	97.71	118.67	97.75
2010*	124.84	116.81	124.04	116.11	124.08	116.14

Other Relevant Prices

Date	'A' Acc** Pence per share	'B' Acc Pence per share	'B' Inc Pence per share
28th February 2005 Launch Date	-	100.00	100.00
21st January 2008 Launch Date	100.00	-	-
31st March 2010 Accounts Date	124.78	123.97	124.02
15th June 2010 Latest Date	121.58	120.71	120.75

Net Revenue Distribution/Accumulation

Since the launch of the Trust on 28th February 2005, no revenue distributions have been made.

*1st January to 31st March 2010

**Share Class 'A' Acc was launched 21st January 2008

PERFORMANCE RECORD - CONTINUED

Total Expense Ratio (TER)

The TER of the Fund as at:

31st March 2010	31st March 2009
Class A - 1.98%	Class A - 1.87%
Class B - 2.28%	Class B - 2.17%

Past performance is not necessarily a guide to future performance. Investors are reminded that the price of shares and the revenue from their investment may fluctuate.

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 transactions in the Fund's share and is expressed as a percentage of Fund's average net asset value.

The PTR of the Fund as at 31st March 2010 was: 101.76% (31st March 2009: 76.69%)

Authorised Status

WAY Global Cautious Portfolio Fund 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 17 to 31 were approved by the ACD and signed on its behalf by:

A Stevens (Director)

V Hoare (Director)

WAY Fund Managers Limited

29th July 2010

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 revenue/expenditure and net capital gains or losses 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.

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 Global Cautious Portfolio Fund ("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 revenue 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 revenue 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
E14 5HJ

29th July 2010

Report of the Independent Auditor to the Shareholders of WAY Global Cautious Portfolio Fund

We have audited the financial statements of WAY Global Cautious Portfolio Fund for the year ended 31st March 2010 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet and notes 1 to 17. 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 the management and professional service details, the constitution, the investment objective and policy, the report of the investment advisers, the portfolio statement, 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 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 2010 and of the net revenue and net capital gains on the scheme property of the Company for the year 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 November 2008, 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, United Kingdom

29th July 2010

STATEMENT OF TOTAL RETURN

for the year ended 31st March 2010

	Notes	2010		2009*	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	4		24,635		(10,996)
Revenue	6	1,186		1,323	
Expenses	7	(1,640)		(1,387)	
Finance costs: Interest	9	(1)		(12)	
Net expense before taxation		<u>(455)</u>		<u>(76)</u>	
Taxation	8	1		(27)	
Net expense after taxation			<u>(454)</u>		<u>(103)</u>
Total return before distributions			24,181		(11,099)
Finance costs: Equalisation	9		11		16
Change in net assets attributable to shareholders from investment activities			24,192		(11,083)

* Comparative figures have been restated for the presentation changes following adoption of the Statement of Recommended Practice for Authorised Funds issued by the IMA in November 2008 (see Note 1 on page 19).

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31st March 2010

	2010		2009*	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		88,658		96,162
Amounts receivable on issue of shares	12,094		12,869	
Less: Amounts payable on cancellation of shares	<u>(45,585)</u>		<u>(9,278)</u>	
		(33,491)		3,591
Change in net assets attributable to shareholders from investment activities (see above)		24,192		(11,083)
Stamp Duty Reserve Tax		<u>(26)</u>		<u>(12)</u>
Closing net assets attributable to shareholders		79,333		88,658

BALANCE SHEET

as at 31st March 2010

	Notes	2010 £'000	2009 £'000
Assets			
Investment assets		70,481	81,979
Debtors	10	10,520	1,037
Cash and bank balances		2,457	5,799
Total other assets		12,977	6,836
Total assets		83,458	88,815
Liabilities			
Creditors	11	(3,528)	(157)
Bank overdraft		(597)	-
Total liabilities		(4,125)	(157)
Net assets attributable to shareholders		79,333	88,658

NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010

1. Accounting Policies

Basis of preparation

The annual financial statements have been prepared on the same basis as the audited financial statements for the year ended 31st March 2010. They are in accordance with the historical cost convention, as modified by the revaluation of investments, and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in November 2008 (the IMA SORP 2008).

During the year, the Fund has adopted the IMA SORP 2008. This has resulted in presentational changes to the Statement of Total Return whereby currency gains and transaction charges are now classified as capital gains or capital losses. The effect of this is to remove £138,464 (2009: £734,823) from 'Currency losses/gains', and to reduce 'Expenses' by £5,392 (2009: £5,495), with a corresponding change in 'Net capital losses/gains'.

Valuation of Investments

All investments are valued at their fair value as at 12 noon on 31st March 2010, being the last working day of the accounting year. The fair value for non-derivative securities is the bid-market price, excluding any accrued interest. Unquoted investments are shown at the Manager's valuation.

Revenue

Dividends from Collective Investment Schemes are included in the property net of tax when the security is quoted ex-dividend/distribution. Bank interest and renewal commission is accounted for on an accruals basis. Renewal commissions are included in revenue or capital according to whether they are of a revenue or capital nature in the underlying collective investment scheme.

Expenses

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

Taxation

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

Corporation tax is provided for at a rate of 20%. Deferred tax is provided in respect of timing difference that have originated but not been reversed at the balance sheet date. Deferred tax assets are recognised only to the extent that they are more likely than not to be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

2. Distribution Policies

Basis of Distribution

When appropriate the Company will allocate any surplus net revenue as a dividend distribution.

Equalisation

The first distributions received from investments in Collective Investment Schemes may include an element of equalisation which represents the average amount of revenue 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 by the Company from the underlying investments has been treated as a reduction in the book cost of the investments and not distributed.

3. Risk Management Policies

WAY Fund Managers Limited ("the ACD") uses a risk management process, as reviewed by the Depository, enabling it to monitor and measure, as frequently as appropriate, the exposure to risks and their potential impact to a Funds overall risk profile.

Set out below are the ACD's policies for the identification and mitigation of risks. Where these risks are relevant to the Fund they are detailed in Note 16 of the Report and Accounts.

Counterparty and Credit Risk

The risk of failure (including delay) by counterparties to deliver assets (or rights to assets) purchased or in paying monies for assets sold. Credit risk also applies to third party institutions, banks or countries in which debt assets are held (e.g. loan stock, cash deposits).

All transactions are, where possible, always settled on a delivery against payment basis either directly (e.g. transactions in collective investment schemes) or through approved brokers. The credit worthiness of institutions is monitored by the investment adviser and applied in accordance with the COLL Rules issued by the FSA.

NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

3. Risk Management Policies *continued*

Market Risk

This risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss a Fund might suffer through holding market positions in the face of price movements. The greater the correlation of holdings within a single market (e.g. sectors (geographic, industrial), currencies (un-hedged) and counterparties (countries, indexes, corporate bodies) the more a Fund is exposed to market risk.

Although this risk is by its nature systemic to the trading of financial securities, so as to mitigate against the extremes of market volatility each Fund will diversify its portfolio and the Investment Adviser is required to ensure that a prudent spread of risk is applied at all times. The exposure to market risk within a Fund will vary depending on its objectives, policies and type of authorisation applied to it. The ACD monitors each Fund to ensure that it does not exceed its exposure (investment limits) as prescribed in the Fund's prospectus and the FSA Rules.

Operational Risk

The risk that the ACD is unable to manage the day to day operation of Fund(s) under management in accordance with key responsibilities and duties that apply.

The ACD has established processes to monitor all functions relating to key responsibilities and duties that are performed (whether in-house or through third party outsourcing) to ensure that these are managed and controlled in accordance with the requirements of the FSA Rules. This monitoring is conducted on both a day to day basis and also through periodic formal monitoring at the place of operation. The functions and control processes operated by the ACD and third parties are subject to oversight by the Depositary. The ACD and third parties maintain suitable disaster recovery and business continuity provisions that are monitored and subject to annual review.

Liquidity Risk

The risk that a Fund will not be able to redeem sufficient assets in a required period of time to meet any financial commitments as they may be placed against the fund from time to time (e.g. settlement to shareholders for the redemption of shares).

NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

3. Risk Management Policies *continued*

Although the diversity of assets held within a Fund's portfolio will vary depending on its objectives, policies and type of authorisation applied to it, the Investment Advisor is required to maintain a level of liquidity that is adequate to meet the reasonable expectations of ACD as to the level of disinvestment in a Fund. So as to avoid the disposal of assets to meet short term redemptions, the Investment Advisor has the ability to borrow up to 10% of a Fund's net asset value.

Currency (Foreign Exchange) Risk

Funds may hold assets that are priced in a currency other than that in which shares issued by a Fund are priced (base currency). It is also possible that collective investment schemes (or similar investment schemes) held by a Fund may have an indirect exposure to underlying assets that are priced in a non-base currency. Where this is the case, the Fund is exposed to variations in the foreign exchange rates and the risk of volatility on the foreign exchange markets. This may adversely affect the value of assets held.

Although the exposure to foreign currency risk cannot be eliminated, the Investment Adviser may use forward foreign currency trades (if permitted within the Fund prospectus) to hedge against exposure to short term volatility. The Investment Adviser may decide that this approach is not appropriate as a result of costs involved. Where the Fund is not permitted to use hedging, the Investment Adviser will manage exposure to this risk within the portfolio.

Interest Rate Risk

The risk to assets (e.g. fixed interest, floating rate notes, and cash deposits) linked to the currency base rates or LIBOR.

Where applicable to a Fund, the Investment Advisor monitors the exposure to rates over any given period to ensure that they remain relevant to the Fund's objectives and policies.

NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

4. Net Capital Gains/(Losses)

The net capital gains/(losses) during the year comprise:

	2010	2009
	£'000	£'000
Non-derivative securities	24,564	(11,913)
Other (losses)/gains	(138)	735
Security transaction charges	(5)	(6)
Renewal commission	214	188
Net gains/(losses) on investments	24,635	(10,996)

5. Purchases, Sales and Transaction Costs

Analysis of total costs:

	2010	2009
	£'000	£'000
Purchases in year before transaction costs	28,611	48,074
Commissions	2	4
Total purchase costs	2	4
Gross purchase costs	28,613	48,078

Analysis of total sale costs:

Gross sales before transaction costs	64,758	46,791
Commissions	-	-
Total sales costs	-	-
Total sales net of transaction costs	64,758	46,791

6. Revenue

	2010	2009
	£'000	£'000
Franked CIS distributions	323	244
Unfranked CIS distributions	831	862
Bank interest	32	217
	1,186	1,323

NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

7. Expenses

	2010	2009
	£'000	£'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director:		
ACD's periodic charge	1,479	1,324
Registration fees	8	7
	1,487	1,331
Payable to the Depositary or associates of the Depositary:		
Depositary's fee	43	34
Safe custody charges	13	15
	56	49
Other expenses:		
Administration fees	91	-
Audit fees	6	7
	97	7
Total expenses	1,640	1,387

NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

8. Taxation

	2010	2009
	£'000	£'000
a) Analysis of charge in year:		
Irrecoverable UK income tax	(1)	27
Current tax charge (note 8b)	(1)	27
	<hr/>	<hr/>
Deferred tax (note 8c)	-	-
Total taxation	(1)	27
	<hr/> <hr/>	<hr/> <hr/>
b) Factors affecting taxation charge for the year:		
Net revenue before taxation	(455)	(76)
	<hr/> <hr/>	<hr/> <hr/>
Corporation tax at 20% (2009 :20%)	(91)	(15)
Effects of:		
Franked UK dividends	(65)	(49)
Current year expenses not utilised	113	27
Irrecoverable UK income tax	(1)	27
Tax effect of capital renewal commission	43	37
	<hr/>	<hr/>
Current tax charge (note 8a)	(1)	27
	<hr/> <hr/>	<hr/> <hr/>
c) Deferred tax		
Provision at the start of the year	-	-
Deferred tax charge in the year	-	-
Provision at the end of the year	-	-
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

The Fund has not recognised a deferred tax asset of £160,930 (2009: £48,108) arising as a result of having unutilised management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

9. Finance Costs

Distributions and Interest

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

	2010 £'000	2009 £'000
Final distribution	-	-
Add: Revenue deducted on cancellation of shares	5	2
Deduct: Revenue received on issue of shares	(16)	(18)
Net equalisation	(11)	(16)
Interest	1	12
Total finance costs	(10)	(4)

Movement between net revenue and distributions

	2010 £'000	2009 £'000
Net revenue after taxation	(454)	(103)
Add: Revenue shortfall	443	87
	(11)	(16)

10. Debtors

	2010 £'000	2009 £'000
Amounts receivable for issue of shares	167	636
Sales awaiting settlement	9,878	109
Accrued revenue	111	156
Income tax recoverable	284	136
Renewal commission	80	-
	10,520	1,037

11. Creditors

	2010 £'000	2009 £'000
Amounts payable on cancellation of shares	263	6
Purchases awaiting settlement	3,025	22
Accrued expenses	240	129
	3,528	157

NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

12. Equalisation

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

13. 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 shares in the Fund. The aggregate monies received through issues and cancellations are disclosed in the statement of change in net assets attributable to shareholders', amounts due to/from WAY Fund Managers Limited in respect of share transactions at the year 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 7. £132,310 (31/03/09: £107,649) was due at the year end.

Amounts payable to State Street Trustees Limited in respect of Depositary fees and safe custody charges are disclosed in note 7. £7,415 (31/03/09: £8,372) was due at the year end. Amounts paid in respect of security transaction charges is disclosed in note 4. £1,442 (31/03/09: £1,000) was due at the year 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 year.

14. Share Classes

The Fund currently has three share classes; Accumulation 'A' and Accumulation 'B' and Income 'B' shares. The annual management charge on each share class is as follows:

Accumulation 'A' shares: 1.15%

Income 'B' shares: 1.45%

Accumulation 'B' shares: 1.45%

NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

14. Share Classes - *continued*

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 10. Each class has the same rights on winding up.

15. Financial Instruments

In pursuing its investment objective set out on page 3 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;
- structured products held in accordance with the Fund's investment objective and policies;
- equity and non-equity shares, fixed revenue 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.

16. 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.

NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

16. Risks of Financial Instruments - *continued*

- *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.

Net foreign currency assets at 31st March 2010 was as follows:

	Monetary exposure 31/03/10 £'000	Non-Monetary exposure 31/03/10 £'000	Total 31/03/10 £'000
Currency			
Euro	-	8,912	8,912
US Dollar	-	5,447	5,447
	-	14,359	14,359

Net foreign currency assets at 31st March 2009 was as follows:

	Monetary exposure 31/03/09 £'000	Non-Monetary exposure 31/03/09 £'000	Total 31/03/09 £'000
Currency			
Euro	-	11,112	11,112
Japanese Yen	1,381	-	1,381
US Dollar	-	3,787	3,787
	1,381	14,899	16,280

Interest rate risk - the majority of the Fund's financial assets do not pay interest nor have a maturity date. The Fund's financial liabilities are non-interest bearing which mature within one year. However, the Fund may invest in bond funds, with underlying investments in assets which are subject to risk from interest rate fluctuation.

NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

16. Risks of Financial Instruments - continued

Interest rate risk profile of financial assets and financial liabilities as at 31st March 2010:

Currency	Floating Rate financial assets	Financial assets not carrying interest	Total
	31/03/10 £'000	31/03/10 £'000	31/03/10 £'000
Euro	-	8,912	8,912
Sterling	2,457	56,122	58,579
US Dollar	-	5,447	5,447
	2,457	70,481	72,938

Currency	Floating Rate financial assets	Financial assets not carrying interest	Total
	31/03/09 £'000	31/03/09 £'000	31/03/09 £'000
Euro	-	11,112	11,112
Japanese Yen	1,381	-	1,381
Sterling	4,418	67,080	71,498
US Dollar	-	3,787	3,787
	5,799	81,979	87,778

Currency	Floating Rate financial liabilities	Financial liabilities not carrying interest	Total
	31/03/10 £'000	31/03/10 £'000	31/03/10 £'000
Sterling	597	-	597

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

NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

16. Risks of Financial Instruments -continued

Short term debtors and creditors are excluded in the above tables.

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

- *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. The Fund holds bond funds and as a result there is underlying risk attached to the bond funds.

- *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 Fund does not hold any derivatives.

17. Contingent liabilities

There were no contingent liabilities at the year end.

GENERAL INFORMATION

The Fund

WAY Global Cautious Portfolio Fund is an Investment Company with Variable Capital (ICVC). It was authorised by the Financial Services Authority with effect from 25th February 2005 and is categorised as a Non-UCITS Retail Scheme.

The Authorised Corporate Director ('ACD')

The ACD is the sole director of WAY Global Cautious Portfolio Fund 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 Global Cautious Portfolio Fund. 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.

Prospectus

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

Share Type

The Fund issues revenue and Accumulation shares.

Pricing and Dealing

Mid prices are always quoted for shares in the Fund.

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.

GENERAL INFORMATION - continued

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.

Management Charges, Spreads and Yields

The initial charge for the Fund is 5.25% and the periodic charge is 1.15% for Share Class 'A' Acc and 1.45% for Share Classes 'B' Inc and 'B' Acc.

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

GENERAL INFORMATION - continued

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 effect 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 Global Cautious Portfolio Fund will be charged to the Fund, which could mean that less of your money will be invested for potential capital and revenue growth.

Capital Gains Tax

As an ICVC, the Fund is exempt from UK Capital Gains tax. An individual’s first £10,100 of net gains on disposals in the 2010/2011 tax year are exempt from tax. Gains in excess of £10,100 for 2010/2011 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 revenue 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.