



**WAY Fund Managers Limited**

**WAY MA Growth  
Portfolio Fund**

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

Issue date 27th July 2010

# WAY MA GROWTH PORTFOLIO FUND

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

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## WAY MA GROWTH PORTFOLIO FUND

### **Authorised Corporate Director (“the ACD”) Independent Auditor**

WAY Fund Managers Limited

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3 Cedar Park

Cobham Road

Wimborne

Dorset BH21 7SB

Telephone: 01202 855 856

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**

T Bailey Asset Management Limited

64 St James's Street

Nottingham

NG1 6FJ

### **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

## **REPORT OF THE DIRECTOR**

### **CONSTITUTION**

WAY MA Growth Portfolio Fund ("the Company" or "Fund") is an open-ended investment company with variable capital incorporated in England and Wales (number: IC000457) 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 17th July 2006. The Company has an unlimited duration. Shareholders are not liable for the debts of the Company.

## REPORT OF THE INVESTMENT ADVISER

for the year ended 31st March 2010

### Performance

Over the review period and since launch, the relative performance of WAY MA Growth Portfolio Fund has been as follows:

#### Discrete Annual Performance

	<b>*2008</b>	<b>2009</b>	<b>YTD</b>
WAY MA Growth Portfolio Fund Acc	-20.53%	23.16%	7.63%
WAY MA Growth Portfolio Fund Inc	-20.58%	23.14%	7.65%

\*Launch date: 17 March 2008

#### Performance to 31st March 2010

	<b>6 Months</b>	<b>1 Year</b>	<b>2 Years</b>	<b>*Since Launch</b>
WAY MA Growth Portfolio Fund Acc	12.11%	39.92%	5.98%	5.35%
WAY MA Growth Portfolio Fund Inc	12.12%	39.92%	5.97%	5.28%
IMA Active Managed Sector Average	9.89%	40.76%	6.27%	7.95%

*Source: Financial Express. Total Return in £, net revenue reinvested.*

#### Investment Objective and Policy

The objective of the Company is to seek a high level of capital growth, achieved through investment in a portfolio of collective investment schemes, investment trusts, other transferable securities, 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 on a temporary basis under the terms of the Regulations.

On giving sixty days notice to Shareholders, the Company may, in addition to its other share 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.

## **REPORT OF THE INVESTMENT ADVISER**

for the year ended 31st March 2010 - continued

### **Performance Report**

WAY MA Growth Portfolio Fund includes a mix of experienced managers and newer products; of growth orientated funds and value driven styles; of big houses and nimble boutiques; and, of mainstream products and new innovative asset classes. We continue to manage the Fund through a combination of the three strategies described below:

**Core:** The Core component will comprise 10% to 65% of the Fund and largely consist of funds with a global equity mandate. These holdings may have a particular style bias but are blended to form a relatively consistent part of the portfolio and provide a principal allocation to global equities.

**Conviction:** The Conviction component will comprise 10% to 65% of the Fund representing a basket of our high conviction investment themes to provide, for example, further allocation to particular geographic regions, sectors or investment products on in addition to those of the Core allocation.

**Alternative:** The Alternative component will represent 0% to 25% of the portfolio, albeit typically towards the lower end of this range, and provide access to products considered more defensive in nature. We would expect this part of the portfolio to contain the likes of absolute return funds, funds of hedge funds, direct commodity exposure, fixed interest and structured products. Some of these may also be held within the Conviction part of the portfolio but whereas there they will still be growth orientated here their inclusion would be more for their particular defensive qualities or where they are held for diversification purposes.

### **Investment Review**

Over the year ended 31 March 2010 the Fund marginally underperformed the IMA Active Managed sector. This was largely a result of the defensive positioning of the Fund in the second calendar quarter of 2009, a period in which cyclical and high beta stocks rallied strongly. More recently the performance of the Fund was much stronger relative to its peers. Over the six months to March 2010 the Fund outperformed the IMA Active Managed sector by 2.23% resulting in the Fund being placed in the first quartile of the IMA Active Managed sector.

The last twelve months have been a period in which the world economy proved much stronger than most economic predictions of a year ago believed and the immediate need of investors for risk-free assets has abated considerably. Through this time the allocation to global equities that forms the Core part of the portfolio, has served the Fund well.

## **REPORT OF THE INVESTMENT ADVISER**

for the year ended 31st March 2010 - continued

In the Conviction part of the portfolio we moved away from UK assets and Sterling weakness to take advantage of opportunities elsewhere. Industrial commodities performed very strongly as fiscal stimulus packages, most notably in China, were directed at the building of new infrastructure. We took advantage of this with a holding in the iShares FTSE Xinhua China 25 ETF. The more positive outlook for the World economy and the realisation that global trade would continue prompted the need for companies and economies to rebuild their inventories.

A position held in gold through an exchange traded fund in the Alternative part of the portfolio was sold in December 2009 as positive US payroll data marked a swing in sentiment away from this asset class.

### **Outlook**

We see three distinct trends appearing for 2010, firstly countries are leaving the recession at different speeds and at different times. The discrepancy between the US and the UK shows this in the most recent GDP data, often a measure of a country's well being. Where the US economy grew by 5.6% in the fourth quarter of 2009, the UK recorded just 0.4%. These different states of health of the world's major economies will provide a number of investment opportunities over the longer term.

Secondly there is a distinct widening of fiscal policies between Governments. Some are raising their central bank rates (e.g. Australia and Norway) and others are tightening more subtly (e.g. China and the US). As well as these 'tighteners' there are a large number of 'ditherers' where the loosening has stopped but the policy makers are unsure whether they should now tighten. Japan, going against the trend, has continued to extend its program of Quantitative Easing thus heightening expectations of a Yen devaluation.

Ironically, many of the emerging economies have much stronger finances with less debt, more output and a growing population of working age. With these factors in mind we still hold two emerging market positions in the Conviction part of the portfolio even if in shorter term we feel they have got ahead of themselves.

Against these trends is a higher than normal level of what we term 'headline risk', the risk that a few misspoken words by a senior Government official or central banker will result in hysteria and rapid movement in the markets. This is especially true in the UK as we approach an election and the risk of a hung parliament.

We believe we can see the longer term trends but to deal with the short term issues we feel that an active, flexible approach that can react to the changing circumstances is a sensible way if investing and why fund of funds will continue to reward long term investors.

## PORTFOLIO STATEMENT

as at 31st March 2010

Holding	Market Value £	Percentage of total net assets %
<b>Asia 9.44% (7.68%)</b>		
294,904 GLG Japan CoreAlpha 'C' (Acc)	273,937	5.36
13,923 iShares MSCI Japan Smallcap	209,123	4.08
	<b>483,060</b>	<b>9.44</b>
<b>Global 58.43% (60.90%)</b>		
9,558 DB X Trackers MSCI Emerging Markets	234,625	4.58
32,826 DB X Trackers MSCI World	621,068	12.13
48,857 ETFS Agriculture DJ-AIGCISM	192,106	3.75
44,200 Henderson Global Technology (Acc)	259,231	5.06
8,981 iShares MSCI Emerging Markets	233,259	4.57
12,351 iShares MSCI World	209,967	4.10
61,189 M&G Global Basics 'A' (Acc)	559,928	10.94
58,246 Multi Units ETF MSCI World	468,589	9.15
233,603 SVM Global Opportunities 'B'	212,625	4.15
	<b>2,991,398</b>	<b>58.43</b>
<b>North America 19.34% (20.27%)</b>		
29,764 iShares 500	229,778	4.49
483,365 Legal & General US Index (Inc)	760,333	14.85
	<b>990,111</b>	<b>19.34</b>
<b>United Kingdom 4.64% (9.63%)</b>		
165,257 Liverpool Victoria UK Growth (Acc)	<b>237,475</b>	<b>4.64</b>
<b>Market Value of Investments</b>		
	<b>4,702,044</b>	<b>91.85</b>
Net other assets	417,351	8.15
<b>Total net assets</b>	<b>5,119,395</b>	<b>100.00</b>

Note: Comparative figures shown in brackets relate to the Fund as at 31st March 2009.

All holdings within the portfolio statement are Collective Investment Schemes.

## 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 2008	282,687	93.45	92.87	204,455	98,663
31st March 2009	2,723,063	70.57	70.13	2,520,417	1,346,668
31st March 2010	5,119,395	98.99	98.37	3,093,511	2,091,345

### Share Price Range

Calendar Year	Accumulation Shares		Income Shares	
	Highest (pence)	Lowest (pence)	Highest (pence)	Lowest (pence)
2006*	103.71	98.39	-	-
2007	106.34	97.17	105.81	96.70
2008	103.02	64.75	102.39	64.35
2009	92.53	64.76	91.96	64.36
2010**	99.76	88.08	99.14	87.54

### Other Relevant Prices

Date	Accumulation Shares		Income Shares	
	Pence per share		Pence per share	
31st August 2006 Launch Date	100.00		100.00	
31st March 2010 Accounts Date	99.13		98.52	
11th June 2010 Latest Date	92.09		91.52	

### Net Accumulation Income/Distribution

Calendar Year	Accumulation Shares		Income Shares	
	Pence per share	Per £1,000 invested at 31/08/2006	Pence per share	Per £1,000 invested at 31/08/2006
2007	0.1451	1.45	0.5931	5.93
2008	-	-	-	-
2009	-	-	-	-
2010**	-	-	-	-

\*31st August 2006 to 31st December 2006

\*\*1st January 2010 to 31st March 2010

## **PERFORMANCE RECORD - *continued***

### **Total Expense Ratio (TER)**

The TER of the Trust as at 31st March 2010 was 2.47% (31st March 2009: 3.11%)

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 of the Trust as at 31st March 2010 was 614.74% (31st March 2009: 210.85%)

The Portfolio Turnover Rate (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 securities less the sum of all transactions in the Fund's shares and is expressed as a percentage of the Fund's average net asset value.

## **Authorised Status**

WAY MA Growth 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 15 to 27 were approved by the ACD and signed on its behalf by:

A Stevens (Director)

V Hoare (Director)

WAY Fund Managers Limited

27th 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 net revenue/expenditure and net capital gains/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 November 2008.

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 Growth 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 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

27th July 2010

## **Report of the Independent Auditor to the Shareholders of WAY MA Growth Portfolio Fund**

We have audited the financial statements of WAY MA Growth 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 16. 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 Auditors**

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 report of the director, the report of the investment adviser, 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 expense 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, England

27th 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		1,295		(731)
Revenue	5	40		18	
Expenses	6	(60)		(39)	
Finance costs: Interest	8	(1)		(1)	
Net expense before taxation		(21)		(22)	
Taxation	7	(1)		(2)	
Net expense after taxation			(22)		(24)
<b>Total return before distributions</b>			<b>1,273</b>		<b>(755)</b>
Finance costs: On issue and cancellation of shares	8		2		1
Change in net assets attributable to shareholders from investment activities			<b>1,275</b>		<b>(754)</b>

\*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 17).

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31st March 2010

	2010		2009	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>2,723</b>		262
Amount receivable on issue of shares		1,592		3,394
Less: Amounts payable on cancellation of shares		(470)		(179)
		1,122		3,215
Change in net assets attributable to shareholders from investment activities		1,275		(754)
Stamp Duty Reserve Tax		(1)		-
<b>Closing net assets attributable to shareholders</b>		<b>5,119</b>		<b>2,723</b>

## BALANCE SHEET

as at 31st March 2010

	Notes	2010 £'000	2009 £'000
<b>Assets</b>			
Investment assets		<u>4,702</u>	<u>2,682</u>
Debtors	9	438	3
Cash and bank balances		<u>9</u>	<u>67</u>
Total other assets		<u>447</u>	<u>70</u>
<b>Total assets</b>		<u>5,149</u>	<u>2,752</u>
<b>Liabilities</b>			
Creditors	10	(22)	(14)
Bank overdrafts		<u>(8)</u>	<u>(15)</u>
<b>Total liabilities</b>		<u>(30)</u>	<u>(29)</u>
<b>Net assets attributable to shareholders</b>		<u>5,119</u>	<u>2,723</u>

# NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010

## 1. Accounting Policies

### **Basis of preparation**

The Financial Statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of investments, and in accordance with 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. There were no material changes.

### **Valuation of Investments**

All investments, which are collective investment schemes, are shown at the bid market value, or in the case of shares in open-ended investment companies, their single price at 12 noon on 31st March 2010, being the last working day of the accounting year.

### **Foreign Exchange**

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at 12 noon on 31st March 2010, being the last working day of the accounting year.

### **Revenue**

Distributions from Collective Investment Schemes are included in the property net of UK tax credits, when the security is quoted ex-distribution. Bank interest and renewal commission is accounted for on an accruals basis. Renewal commissions are borne by the revenue or capital according to whether it is the policy of the underlying fund to charge its fees to revenue or capital in determining its distribution.

### **Expenses**

For accounting purposes, all expenses (other than those relating to the purchases and sale of investments and stamp duty reserve tax) are charged against revenue for the year on an accruals basis.

# NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - *continued*

## 1 Accounting Policies - *continued*

### 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.

## 2. Distribution Policies

### Basis of Distribution

When appropriate the Company will allocate any surplus revenue as an income distribution/accumulation.

### Equalisation of Collective Investment Schemes

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

## 3. Risk Management Policies

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

The ACDs policies for the identification and mitigation of risks are detailed in Note 15 of the Report and Accounts

## 4. Net Capital Gains/(Losses)

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

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Non-derivative securities	<b>1,297</b>	(722)
Currency losses	<b>(1)</b>	(3)
Transaction changes	<b>(1)</b>	(6)
Net capital gains/(losses) on investments	<b>1,295</b>	(731)

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

### 5. Revenue

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Bank interest	-	3
Franked CIS distributions	<b>24</b>	1
Unfranked CIS distributions	<b>15</b>	13
Renewal commission	<b>1</b>	1
	<b>40</b>	18

### 6. Expenses

	<b>2010</b>	2009
	<b>£'000</b>	£'000
<b>Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director:</b>		
ACD's periodic charge	<b>55</b>	31
	<b>55</b>	31
<b>Payable to the Depositary or associates of the Depositary:</b>		
Trustee fees	<b>3</b>	1
Safe custody fees	-	1
	<b>3</b>	2
<b>Other expenses:</b>		
Registrar fee	<b>1</b>	-
Audit fees*	<b>1</b>	6
	<b>2</b>	6
Total expenses	<b>60</b>	39

\* The audit fee of £6,325 for the year ended 31st March 2009 was reimbursed by the ACD on 12th October 2009

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

### 7. Taxation

	<b>2010</b>	2009
	<b>£'000</b>	£'000
a) Analysis of charge in year:		
UK income tax irrecoverable	<u>1</u>	<u>2</u>
Current tax charge (note 8b)	<b>1</b>	2
Deferred tax (note 8c)	<u>-</u>	<u>-</u>
Total taxation	<b>1</b>	2
b) Factors affecting taxation charge for the year:		
Net expense before taxation	<b>(21)</b>	(22)
Corporation tax at 20% (2009: 20%)	<b>(4)</b>	(5)
Effects of:		
Franked UK dividends	<b>(5)</b>	-
Current year expenses not utilised	<b>9</b>	5
UK income tax irrecoverable	<u>1</u>	<u>2</u>
Current tax charge (note 8a)	<b>1</b>	2
c) Deferred tax		
Provision at the start of the year	-	-
Deferred tax charge in the year	-	-
Provision at the end of the year	<u>-</u>	<u>-</u>
	<b>-</b>	-

The Fund has not recognised a deferred tax asset of £15,385 (2009: £6,466) 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

### 8. 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:

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Final distribution	-	-
Final accumulation	-	-
	<hr/>	<hr/>
	-	-
Add: Revenue deducted on cancellation of shares	<b>1</b>	-
Deduct: Revenue received on issue of shares	<b>(3)</b>	(1)
	<hr/>	<hr/>
Net distribution for the year	<b>(2)</b>	(1)
Interest	<b>1</b>	1
	<hr/>	<hr/>
Total finance costs	<b>(1)</b>	-
	<hr/> <hr/>	<hr/> <hr/>

### 9. Debtors

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Amounts receivable for creation of units	<b>1</b>	-
Sales awaiting settlement	<b>436</b>	-
Accrued income	-	2
Recoverable CIS income tax	<b>1</b>	1
	<hr/>	<hr/>
	<b>438</b>	3
	<hr/> <hr/>	<hr/> <hr/>

### 10. Creditors

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Amounts payable for cancellation of shares	<b>8</b>	1
Purchases awaiting settlement	-	1
Accrued expenses	<b>14</b>	12
	<hr/>	<hr/>
	<b>22</b>	14
	<hr/> <hr/>	<hr/> <hr/>

### 11. 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.

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

### 12. 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 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 6. £6,277 (31st March 2009: £3,264) was due at the year end.

Amounts payable to State Street Trustees Limited in respect of Depository fees, safe custody charges and security transaction charges are disclosed in note 6. £1,585 (31st March 2009: £2,353) 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.

### 13. 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 8. Both classes have the same rights on winding up.

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

### 14. 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;
- equity and non-equity shares, 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.

### 15. 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 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 the 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 the Fund will vary depending on its objectives, policies and type of authorisation applied to it. The ACD monitors the Fund to ensure that it does not exceed its exposure (investment limits) as prescribed in the Fund's prospectus and the FSA Rules.

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

### 15. Risks of Financial Instruments - *continued*

- *Foreign currency risk* - the Fund 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.

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

	<b>Monetary exposures</b>	<b>Non-Monetary exposures</b>	<b>Total</b>
	<b>2010</b>	<b>2010</b>	<b>2010</b>
<b>Currency</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>US Dollar</b>	-	-	-

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

	Monetary exposures	Non-Monetary exposures	Total
	2009	2009	2009
<b>Currency</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>US Dollar</b>	-	320	320

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

### 15. Risks of Financial Instruments - *continued*

- *Interest rate risk* - is 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 Funds objectives and policies.

Interest rate risk profile of financial assets and financial liabilities excluding short term debtors and creditors as at 31st March 2010

	<b>Floating Rate financial assets 2010 £'000</b>	<b>Financial assets not carrying interest 2010 £'000</b>	<b>Total 2010 £'000</b>
<b>Currency</b>			
<b>Sterling</b>	<b>9</b>	<b>4,702</b>	<b>4,711</b>

	Floating Rate financial assets 2009 £'000	Financial assets not carrying interest 2009 £'000	Total 2009 £'000
Currency			
Sterling	67	2,362	2,429
US Dollars	-	320	320
	67	2,682	2,749

	<b>Floating Rate financial liabilities 2010 £'000</b>	<b>Financial liabilities not carrying interest 2010 £'000</b>	<b>Total 2010 £'000</b>
<b>Currency</b>			
<b>Sterling</b>	<b>8</b>	<b>-</b>	<b>8</b>

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

### 15. Risks of Financial Instruments - *continued*

	Floating Rate financial liabilities	Financial liabilities not carrying interest	Total
	2009	2009	2009
Currency	£'000	£'000	£'000
Sterling	15	-	15

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 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).

Although the diversity of assets held within each 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.

- *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.

- *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.

## **NOTES TO THE FINANCIAL STATEMENTS**

as at 31st March 2010 - continued

### **15. Risks of Financial Instruments - *continued***

The ACD has established processes to monitor all functions relating to key responsibilities and duties that are performed (whether in-house 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.

- *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.

### **16. Contingent liabilities**

There were no contingent liabilities at the year end.

## **GENERAL INFORMATION**

### **The Fund**

WAY MA Growth Portfolio Fund is an Investment Company with Variable Capital (ICVC). It was authorised by the Financial Services Authority with effect from 17th July 2006 and is categorised as a Non-UCITS Retail Scheme.

### **The Authorised Corporate Director ('ACD')**

The ACD is the sole director of WAY MA Growth 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 MA Growth 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 Income 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 1.45%.

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](http://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 Depository 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 Growth Portfolio Fund 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 £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 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.