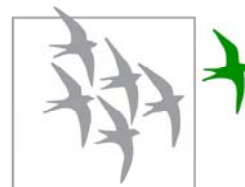


WAY Green Portfolio Fund - 1st Anniversary review



General market review by Vestra Wealth

The year started off badly with the disappointing conference in Copenhagen where hardly anything was agreed. However, things ended on a much more positive note with the conference in Cancún, where several agreements were drawn up:

- The setting up of a \$30bn “Green Climate Fund”
- The recognition of emission targets
- US approval of cash grant extensions for 2011 signed by President Obama
- Several countries agreed to establish a new Technology Executive Committee and Climate Technology Center to foster the implementation of climate change mitigation technology
- During the course of the year China also pledged their intentions of using their next 5 year plan to reduce carbon intensity by 40-45% from 2005 levels by 2020
- The emerging markets and China in particular surfaced as the new heroes of climate change, with the US languishing
- Flooding in Australia and Pakistan, the BP Macondo Well disaster, drought and heat waves in Russia, more flooding in China - all these events served to underline the pressing need to combat climate change.



Fund manager

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The Simplified Prospectus, latest Manager’s Reports and any other literature can be obtained from WAY at the address above, or downloaded from the website.

All information supplied by Vestra Wealth.

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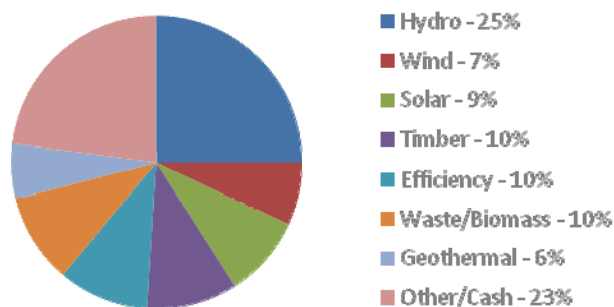
Information correct as at 8 February 2011

Performance review

- Overweight to renewable energy (SAM Smart Energy / Pictet Clean Energy / Guinness Alternative Energy) during first half of 2010 meant performance dipped in April/May when bad news about the European sovereign debt crisis came out (unfortunately renewable energy plays are highly correlated to world markets)
- Market over-capacity and legislative uncertainty weighed heavily on renewable energy stocks in general (Vestas is a prime example)
- Our high cash position meant we were protected on the downside when markets fell, but failed to capture the upside we wanted when markets began to recover towards the end of August
- The choppy macro environment made it difficult to correctly position ourselves, and it is fair to say we weren't the only ones who struggled
- However, our water and timber positions helped to alleviate some of the burden and performed well (Pictet Water and Pictet Timber in particular)

Outlook - Reasons to be optimistic

- Interest rates to remain low, monetary policy to remain fairly loose, investors renewed appetite for equities
- The deployment of capital by companies will probably lead to more M&A activity which will spur markets on
- After the "Santa Rally" in December it perhaps is no surprise that we've had a mild correction in January, a situation which presents us with renewed opportunities to invest
- Energy efficiency plays, in particular where they have exposure to emerging markets, will be an area of focus for 2011
- These companies performed best as the capital expenditure cycle recovered in 2010 and regulatory drivers in terms of industrial and transport efficiency remain promising



- Our performance over 1 year was flat (up about 1%) whereas the S&P Global Clean Energy index was down roughly 10% - this is still disappointing however although we managed to preserve capital.

In summary, sector allocations and a high cash position hurt us most. We were under-exposed to the markets but have since rectified this. Our cash position is now 7%.

- Our focus will remain on the emerging markets - companies have strong balance sheets (and corporate profits are improving), whilst developed economies governments' finances are in tatters
- We will be keeping a keen eye on the details of China's 12th 5 year plan to see which sectors will benefit most and position accordingly (market pricing will be introduced for water use as part of this plan so we expect water efficiency to be an area of opportunity).

www.waygreenportfoliofund.co.uk

Please remember the price of shares and the income from them can go down as well as up as a result of changes in the value of underlying investments and currency movements. An investor may not get back the amount originally intended. Past performance is not necessarily a guide to future returns.

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