



The WAY Group

# ANNIVERSARY ISSUE

I've never been one to shirk a celebration and this year at WAY there are a series of anniversaries that allow reason to uncork something special.

At a company level, WAY was incorporated 15 years ago in 1996, WAY Fund Managers is 10 years old this year and, at the time of writing, WAY Investment Managers has just reached its first anniversary. The first two of WAY's specialist funds – Green and Gold – also reached their 'paper' anniversary in February.

Marking time is rather pointless of course unless something of worth has been achieved in its passing and this issue of 'TwoWay' looks particularly at the fortunes of our Portfolio funds.

This leads me on to take this opportunity to thank all our IFA supporters for keeping faith with us when we brought the investment management of our Global range – Cautious, Blue and Red – in house in February last year. It was a tough and key decision to move the management from FundQuest (formerly Investment Manager Selection) at that time but

I trust that you and your clients will have been contented by the performance of these funds since Trevor Chanter assumed the reins – more on this inside. Some of you may have read in the trade press that our old friends Richard Timberlake and Paul Kim have subsequently moved on from FundQuest and concern at potentially having to react to news such as this was one of our considerations in changing when we did. Much better to put our fate and the best interests of investors in our own hands and make decisions from a position of strength.

From past and present to future now and you will also read herein about our latest fund launch – WAY Hasley Global Momentum Fund – which garnered much publicity, even pre-launch, including two articles in the Financial Times. We are very excited about this development, part of our 2020 Vision fund campaign, and I hope that some of you will be sufficiently moved to attend

one of our spring seminars to hear in person from one of our co-collaborators on the Fund, Professor Andrew Clare of The Cass Business School.

This may be the last new fund from WAY this year but there are other interesting developments in the melting pot. As Bob Dylan said "He who's not busy being born is busy dying".

Eddie O'Gorman,  
Head of Sales  
The WAY Group



## The WAY Group Footprint. Founding date: 1996 Founder/Chairman: Paul Wilcox

**Ownership:** Private (mostly held by the executives and friends and family)

**Investment Professionals:**  
WAY Investment Managers Ltd

**Total AUM fund:**  
£696m (28 February 2011)

**Total number of retail funds:**  
11 WAY funds, 44 Elite (third-party funds)

**Key products:**  
Inheritance tax mitigation plans, Income plan

**Key investment areas:**  
Fund of funds, Specialist funds

**Investment partners for WAY range:**  
North Investment Partners, Vestra Wealth LLP,  
Charteris Treasury Portfolio Managers, Wessex Asset  
Management, Hasley Investment Management



## The WAY Hasley Global Momentum Fund

Trend momentum investing is a more common term stateside and has been the subject of much academic research there. This has been developed further at the Cass Business School in London by Professors Steven Thomas and Andrew Clare who have extended their work to craft a proprietary trading system that has become the engine of our new fund.

Investors in retail funds have long sought managers who consistently beat their benchmark. Over the long term they have been few and far between, resulting in the development of 'passive' funds.

Trend Momentum is another step forward; bolting on a mechanical market timing process with no judgemental overlay. Trend investors focus on price and concern themselves with moving averages rather than any predictive element. The moving average trend will determine whether you are in or out of the market.

### HOW DOES THE WAY HASLEY GLOBAL MOMENTUM FUND WORK?

The Fund invests in a series of 24 equity market Exchange Traded Funds (ETFs) with a global spread. The decision to be in or out of those markets will be based entirely on the system developed by Professors Thomas and Clare. Asset allocation is equally weighted across the chosen developed market ETFs. The market timing will be subject to buy, sell or hold signals as identified by the system model. These signals are informed by the moving averages of each ETF individually across a 10-12 month period.

Portfolio changes take place on a monthly basis. Back-testing has shown that no further benefit

accrues in the long run by more frequent changes; due both to transaction charges and precipitous short-term market jerks. Enactment of the system will be performed by our collaborators on this development, Hasley Investment Management.

### BACK-TESTING

Operating solely on a formulaic basis, the system can be back-tested through various market periods and the results are impressive.

The graph shown here compares the plotted performance of a trend model portfolio (net of charges) against the

MSCI World Index over the last ten years (2001-2010).

The key stats show a would-be return of 6.6% against the 1.87% of the MSCI and, importantly, an annualised volatility of 9.59% against 16.64% of the index. It is the moderating effect of the process on volatility that gives the Fund its long-term comparative advantage.

The Fund launched on 28th February and, with articles already appearing pre-launch in the Financial Times, we're sure you will be reading much more about the Fund in the near future.

### MSCI WORLD VERSUS TRENDING MODEL PORTFOLIO 2000-10



Source: Hasley Investment Management

### FUND DETAILS

**Initial Charge:** 5.25% / **Initial Commission:** 3%. **Annual Management Charge:** 1.35% / **Trail Commission:** 0.5%

## Gold & Green

Two of the WAY range of specialist funds reached their first anniversaries in February this year, with differing fortunes.

The WAY Charteris Gold Portfolio Fund is up over 28% since launch to January, verses a 19% rise in the Sterling price of gold. It is believed that gold will again reach record highs this year, and this fund is well placed to take advantage. Conversely, the WAY Green Portfolio Fund has had a difficult year for a number of reasons:

- Market over-capacity and legislative uncertainty weighed heavily on renewable energy stocks in general
- The high cash position of the Fund meant it was protected on the downside when markets fell, but failed to capture the upside when markets began to recover towards the end of August
- Performance over 1 year was flat (up about 1%) whereas the S&P Global Clean Energy index was down roughly 10%
- In summary, sector allocations and a high cash position hurt the Fund most. In a more positive stance for the year ahead the cash position has been reduced to 8%.

For more information on either of these funds, please do not hesitate to contact us.





## Tin Men - recognise these faces...?



WAY Fund Managers reaches its 10 year anniversary later this year. The company may have changed a bit in those intervening years, but the faces are still as youthful! Look out for a more in-depth retrospective in a future edition of Two WAY.

# Not a Paper Tiger

Management of our flagship Global Range was taken in-house on 1st February 2010. This first year has proved eventful, volatile and an overall success. As shown in the chart to the right, Blue and Cautious have outperformed their respective IMA sector averages with Red only marginally below. This was due to a relatively disappointing January when our holdings in previously consistent performers, as well as the overweight positions which had previously served us well, fell back - preventing the whole range from establishing a clean sweep of sector outperformance. My approach over a turbulent market period has, in simple terms, been to adopt a flexible strategy and pay close attention to tactical allocation shifts.

Broadly, regional asset allocation for the three funds was right. Asia Pacific ex Japan produced the year's best returns with Global Emerging Markets (GEMs) next; these were where we had placed greatest emphasis. Since the start of 2011, GEMs have fallen further than Asia and, while overweight to both, the Asia weighting is less pronounced. The overweight to North America also added value. The returns from the UK market against Europe were marginal, with the UK a little ahead. The relative weighting to Europe is greater than the UK which has helped performance at the start of 2011. Exposure to Gold (Cautious only) and related mining equities (in all three funds) has been beneficial. The inclusion of thematic funds such as Timber and Agriculture has also been advantageous.

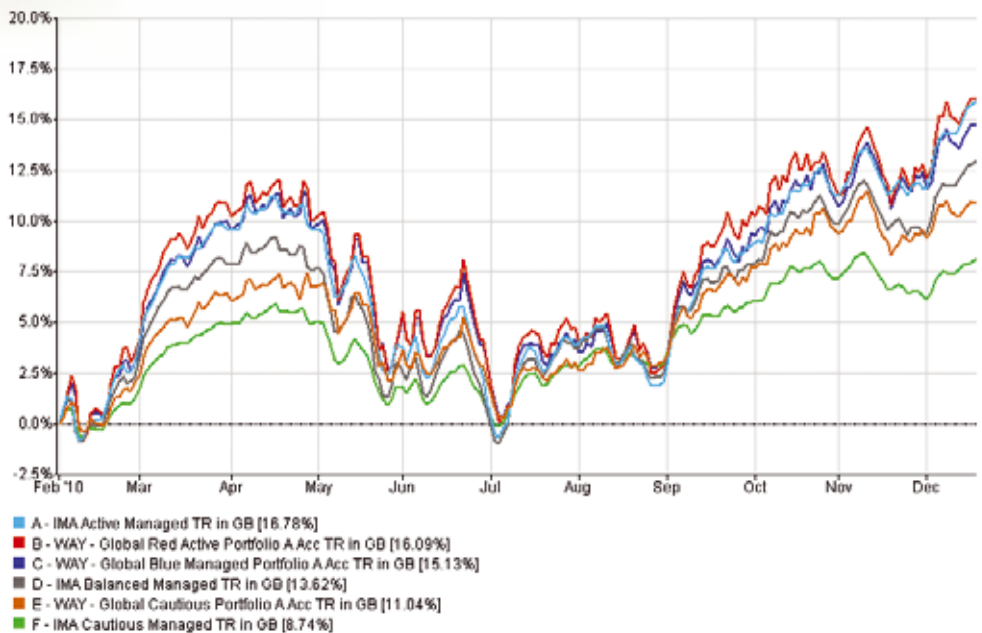
### The Next Year?

I am not keen on predicting markets for the next year as so much can change so quickly, as recent sad events in Japan have emphasised. For now I agree with the market consensus that equities are set for a good year. I think it will be another difficult twelve months for European Govt Debt and investment grade bonds may not enjoy as good a year as last. Thematically I would see good returns from Technology as corporates step up spending in this area and agriculture where food inflation and inflation generally is set to continue to rise.

Information correct as at Feb 2011.

**Trevor Chanter Chartered FCSI,  
Chief Investment Officer, WAY Investment Managers  
www.wayinvestments.com**

WAY Global Red, Blue and Cautious (£, 1 year to 31/01/2011)



Equity Indices – 01/2/2010 to 31/01/2011



## WAY's successful PET!



**A very welcome and important landmark was reached at the end of February 2011, when the first WAY Flexible Inheritor Plans reached the 7th anniversary of their 2004 settlement date.**

7 is of course the magic number when it comes to Inheritance Tax (IHT), as transfers that took place more than 7 years prior do not cumulate with an individual's estate upon death. So when each WAY Inheritor Plan reaches its 7th anniversary the initial gift into trust falls out of the settlor's presumptive IHT cumulation and the full IHT saving is realised. Prior to the 7th anniversary an IHT saving is enjoyed on the growth in the trust fund only – although with the WAY Red Global Active Portfolio Fund up 62.77% since the first quarter of 2004, the early adopters of the plan have also enjoyed a good deal of growth in the interim, despite having to ride out the credit crunch along the way!

The WAY Inheritor Plans were introduced to the market at the end of 2003 and rapidly became very popular during 2004. By the end of the first half of 2004 over £2.5m had been settled into trust which means that by the end of the first half of 2011 over £1m in IHT will have been saved on these transfers, not to mention the amount saved on the investment growth. This running total will of course grow and grow from this point forwards as more and more plans reach their 7th anniversary, and we plan to keep you updated as new and significant landmarks are

reached.

One major difference between the first WAY Inheritor Plans set up and new plans today is the type of IHT transfer that is made. Whereas in 2004 the settlor made a Potentially Exempt Transfer (PET), since March 2006 a Chargeable Lifetime Transfer (CLT) is involved. Where the amount settled is within the IHT nil rate band the change makes little material difference (although the correct ordering of multiple gifts is very important now – call us if you'd like help on this!). However the major effect of the change has been to restrict the amount gifted into a new plan to within the IHT nil rate band, currently £325,000. It is sobering to think that a couple of the early clients, who each settled in excess of £1m into their plans, would not have enjoyed the flexibility that is available to them now if they had delayed their planning by a few years. Nor could they look forward to an IHT saving of over £400,000 being secured in 2011! Experience shows us that if you sit on the fence when it comes to IHT planning you only end up with splinters... and a huge tax bill.

**Mark Benson TER, CertPFS**

## On the road again

### Report on the Winter IHT Roadshows

Leading up to the 2010 General Election many clients believed that a Conservative victory would lead to a £1m nil rate band (NRB) and so negate their need for any contemporary IHT planning.

The subsequent reality of a NRB frozen at £325,000 until 2014/15 led to an increase in enquiries from IFAs to our offices asking for details on our trusts. IHT Planning was very much back on the agenda. This seemed the ideal opportunity to raise the profile of our IHT solutions.

The WAY trusts can offer much more than straightforward IHT planning and can also be used to potentially deal with life's unknowns – which was a central theme of our presentation. We also demonstrated how the flexibility of our plans should encourage clients to start planning earlier.

For the first time we featured a video as part of the presentation. Professional actors played clients initially seeking help with their estate planning. We then caught up with them some 15 years later to see how the suggested solutions had helped them deal with the good and bad times.

The seminars were very well received. As always it was the flexibility and tax efficiency of our trusts that caught the imagination, as well as our ideas on building relationships with professional connections.

Many of the feedback forms received indicated that there was interest in discussing certain clients and their needs. It was also reassuring that the content of the presentation and relevance to clients was rated very highly.

Please remember that the Regional Sales Managers (RSMs) are available to attend client meetings with you and are always happy to provide further information or assistance when required. Our next round of seminars will start in May with details to be announced in late March.

**Rob Owen, Regional Sales Manager – South West, South Wales & Northern Ireland**

## Meet our RSMs

Most readers will have met one or other of our Regional Sales Managers (RSMs) in a business capacity. Read on to find out a little more about what they do outside work:

**Name & locations covered:** Rob Owen - South West, Mid and South Wales, M4 corridor, Northern Ireland.

**Length of service at WAY:** March 1998 – the beginning of the WAY Sales Team

**Previous experience:** Entered Financial Services in the early '80s advising direct clients. Joined WAY from Old Mutual and prior to that had been 6 years at Flemings Save and Prosper.

**Interests:** Competitive road and mountain bike events. Fell walking. Draught proofing a Victorian house – so far an unsuccessful 12 year project.

**Contact number:** 07970 891764

**Email:** Rob@waygroup.co.uk

**Name & locations covered:** Bob Boustead - East Anglia (Essex, Suffolk, Cambridgeshire, Norfolk, Lincs (part), Herts, Beds, Bucks (Part) and North London)

**Length of service at WAY:** 10 years

**Previous experience:** AXA, J P Morgan, Royal Insurance & Old Mutual, Life Underwriter, Sales Manager, Regional Manager, Branch Manager

**Interests:** Sport: Football, Cricket & Golf, Music, Theatre, Country Walks

**Contact number:** 07970 891763

**Email:** Bob@waygroup.co.uk

**Name & locations covered:** Peter Atkins - London & South-East

**Length of service at WAY:** 3 years in March

**Previous experience:** Joined having spent the previous 8 years at a life office concentrating on tax planning and investments. Previous sales and marketing roles with investment management companies, life offices and an IFA practice.

**Interests:** Pociilovy, biking in lycra, all sports, taxiing kids, history, reading too many books

**Contact number:** 07500 602558

**Email:** Peter@waygroup.co.uk

**Name & locations covered:** John Humphreys - Midlands & North of England & Scotland

**Length of service at WAY:** Joined WAY in May 2003

**Previous experience:** 2000-03 Regional Sales Director (North) Keydata Investment Services Ltd, 1993-2000 Broker Consultant with Scottish Widows, 1991-1993 Broker Consultant with Guardian Royal Exchange

**Interests:** Football – playing and watching (particularly my son's junior football team). Music – most eras and genres, particularly enjoy live music. Motorsport – Oulton Park race circuit is less than 5 miles from my house.

Round Table – active member of Middlewich & District Round Table for 18 years. Actively involved in charity fund-raising for Round Table, children's school and son's junior football team

**Contact number:** 07779 334523

**Email:** john@waygroup.co.uk



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