



The WAY Group

AUTUMNWATCH

Welcome to this special edition of TwoWAY which we have produced to coincide with our autumn seminars. We have always aimed to offer something a little different at WAY, seeking to provide solutions to client need with ideas, funds or product which are fresh and innovative. One consequence of forsaking 'me too' product is that we have less terms of reference when describing our plans and crave a little time to cover context and nuance. The seminar format provides such a platform and I sincerely hope that those of you who attend this time around will feel that your decision was worthwhile.

The last few months have become increasingly problematic for investors and their advisors. Sentiment can of course 'turn on a sixpence' but the economic backdrop at the time of writing suggests that equity investors will have fraught nerves for a little while yet. The two themes that we will be showcasing in our roadshows will, we hope, provide real cause for thought and action

despite, or even because of, the market malaise.

In November we will be running a series of seminars on the award winning WAY Hasley Global Momentum Fund. Based on prodigious research and development by Professors Steve Thomas and Andrew Clare from the Cass Business School, the fund follows a trend momentum trading system put together by the academics and is devoid of any human judgemental overlay in the investment timing and asset allocation. One or other of Professor Thomas or Clare will be speaking at each location to add some cerebral weight to the occasion and we're sure you'll understand why the press have given the fund a warm welcome since its February launch.

Before that we will have started in October with another round of our IHT seminars. Our collective based IHT mitigation arrangements remain the only plans of their type available in the retail sector and with 1,000 trusts now on the books their popularity with IFAs and their clients is evident. Now is a great time to take advantage

of the market falls and embark on a round of inheritance tax planning. With portfolios depressed, any CGT liability arising from sale of shares or units will be at a lower level than earlier this year and the recovery when it comes will see the growth take place within a trust arrangement and outside the client's estate.

Seminars abound at this time of year I know. We thank you for supporting ours and we will endeavour to reward you with fresh thought and ideas.



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 funds:

£770m (1 August 2011)

Total number of retail funds:

56 pure Elite Funds (third party funds)
11 WAY 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



Gaining Momentum

Interview with Stephen Thomas, Professor of Finance, Cass Business School – one of the developers of the WAY Hasley Global Momentum Fund.

Could you start by giving me some background to the development of the fund?

It all began as a purely academic study. We started out with an analysis into UK funds and their ability (or not) to consistently produce positive alpha and gamma across various time spans. Evidence was not too compelling in this regard which set us thinking about alternative portfolio management models.

You developed a mathematical model, which is not surprising, but what advantages does this approach offer over conventional management processes?

A short answer is that it severs reliance on subjective judgements. Let's just touch on two areas of such influence as examples – forecasting and emotional behaviours.

Forecasting's incredibly difficult because the world is changing all the time. The record shows that it is extremely difficult to forecast the main economic variables such as growth and inflation, however many resources you may devote to it. The OECD, IMF and the Bank of England all have poor records in this regard. It is not surprising therefore stock market forecasting has proved equally hazardous for fund management groups.

We have done a number of studies on the psychology of investment, and there is no doubt that people get emotionally attached to assets. The decision to sell becomes quite a difficult and ill thought out activity. Very often, both

investors and their advisers will not sell assets which are performing poorly because they have an emotional attachment and they believe that selling is a signal of failure; they await the value of that asset to return to the levels they bought it at. Our investment strategy has pure discipline mechanically over the decision to sell and we feel that's a very strong advantage over discretionary sell decisions.

In very simple terms, how does the WAY Hasley Global Momentum Fund work?

The type of technology we are using, we call trend following. What we observe for all types of investment assets is that markets tend to have an element of continuation or momentum. In other words we have a sequence of say, positive returns over successive weeks and months. What we seek to do is capture these trends in a fairly simple fashion and when the trend ends we move out of that asset and into cash as a safe haven before too much damage is done to investors' wealth, all without a human judgement overlay.

How might this Fund behave differently to the norm?

This fund is different from conventional equity funds - in the sense that it's got a signalling mechanism which tries, successfully backtested to remove a substantial part of the downside from investing in equities. It is designed to give you the rate of return which you would associate with the stock market over long periods of time but with substantially reduced volatility. So the volatility

or risk, as some people categorise volatility, is much reduced relative to global equity funds. Many hundreds of man hours have gone into developing this model and several years of research by a number of us academics and some market professionals. In the back testing, we found it worked in America in the 1930s with the famous Wall Street Crash – you would have actually made money in the 1930s using technology which is very similar to the one we're using in this particular investment product. In the late 2000s we fell 16% when most funds fell 40%. We recovered that 16% fall in 3 months from the bottom of the market. Other funds took 20 months. The reason we recovered so quickly was because we'd only fallen 16%, so we'd moved into cash quite early on and then joined in the upswing at a later date.

Why invest?

I think if we acknowledge the difficulty of forecasting generally in the world and therefore understand why fund managers find it difficult to carry on outperforming benchmarks – if we acknowledge that as the reality of a world we live in; but can find an alternative mechanism which protects us from the downside volatility, whilst participating in the upward strong returns which we know equity markets can provide, then we have created something worthwhile for investors.

For more information on the Fund, please see the latest factsheet available on our website at www.waygroup.co.uk or call 01202 890 895 to request a copy.



WAY Inheritor Suite

An introduction to WAY's innovative IHT mitigation solutions - by Mark Benson TEP.

The WAY Inheritor Plans

2011 is proving to be a landmark year for the WAY Group. Funds under management have recently pushed above the £750m level and our unique suite of industry leading Inheritance Tax (IHT) mitigation plans have already passed one major landmark with another expected to be reached well before the end of the year.

We launched the WAY Inheritor Plans in early 2004. These new plans were – and remain – unique in the market as the only collective investment based IHT mitigation trusts. Lump sum IHT plans such as these become fully effective after 7 years when the gift falls out of the cumulation “back shadow” putting the assets fully outside of the investor’s estate and thus free of IHT. By the end of 2011 lump sum contributions totalling £5.5m will have passed the 7 year mark and escaped the IHT net. Don’t forget that the growth enjoyed on the underlying investments will have been outside of the clients’ estates from day one.

Our plans were created by Nick Chadwick of Unitech Associates. Nick is unarguably the most experienced practitioner in IHT mitigation working today, with a pedigree stretching back to the original PETA plans of the 1970s. The effectiveness of Nick’s innovations is supported by the fact that our plans have passed rigorous assessment by Lynton Tucker, expert trust and tax counsel at New Square Chambers, and are well known to, and accepted as effective by, HMRC. This means that you can be confident in recommending our plans to your clients. Indeed by the end of this year such a recommendation will be made to the 1000th such client – a further testament to the maturity of our plans.

The key dilemma solved

Clients are often reluctant to take out IHT plans because although the IHT liability can be addressed by giving away your assets, this is undesirable because you do not know if you may need to rely on those assets in the future. The WAY Inheritor trusts solve this dilemma by carving out a reversionary interest, (retained by the settlor) which can provide future access to capital whilst establishing an effective gift for IHT purposes.

The flexible nature of the plans gives the client the confidence to start planning earlier because they know their plans can adapt to future changes in their personal circumstances or indeed to the tax rules and bend with the political winds. The original plans exploit the excellent tax efficiency and value for money offered by the WAY Portfolio funds. However we are now making the plans available on an increasing number of wrap platforms allowing open architecture investment.

With the underlying concepts and the operation of our plans so well proven, now could not be a better time to introduce your clients to WAY’s best of breed IHT mitigation strategies.

Mark Benson TEP
Technical Manager
WAY Investment
Services Ltd





What happens next?

After attending one of our seminars, we will keep in regular contact with any relevant updates and news. The initial email will contain the slides from the presentation along with any other information you may have requested on your feedback form.

Your CPD certificate will be in the packs available on the day of the presentation itself, so don't forget to take one with you!

If you need any further details at any time, you can contact your local Regional Sales Manager (details opposite) or contact Head Office on 01202 890 895 to speak to Tony Lyons (IFA Support Manager), Mark Benson (Technical Manager) or Eddie O'Gorman (Head of Sales & Marketing).

The information in this document is for guidance only and expert financial and taxation advice should be sought before making decisions on financial products. Whilst we believe the facts to be correct, we cannot assume liability for any errors or omissions. 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. Information correct as at September 2011

Meet our RSMs

If you need more information about the WAY Group and our services, please contact your local Regional Sales Manager. Read on to find out a little more about them...



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: Pocollovy, 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



You can also follow us on Twitter:
www.twitter.com/WAY_UK

Award-winning WAYs

We are pleased to announce that the WAY Hasley Global Momentum Fund has been awarded the Innovation Award at the Moneyfacts Investment Life and Pensions Awards 2011. For a fund that is yet to reach its first anniversary to win such a title is a good indication of the quality of its proposition.

WAY was also Commended in the Best Tax and Estate Planning Provider category at the same award ceremony and we were very pleased to have placed in such prestigious company.

Photos of the ceremony can be viewed on our website at www.waygroup.co.uk.

