

Following the trend

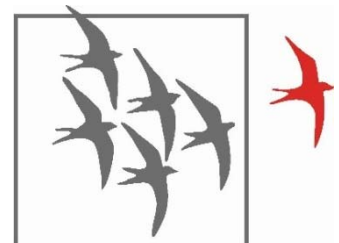
The Problem

The Holy Grail for investors is a fund manager who can produce alpha, and who can consistently outsmart the market. Unfortunately finding such a consistent manager is impossible, a fact given no encouragement by academia where paper after paper has been published on the performance of the active fund management industry showing that most managers cannot produce alpha by timing the market on a consistent basis. Furthermore, while positive performance is fleeting, there is overwhelming statistical evidence to suggest that negative performance is persistent. It is for these reasons that many investors, both retail and institutional, prefer the passive route. It's cheap and cheerful, and at least it gives investors the beta they really want. After fees, two thirds of passive funds regularly outperform their active competition. However, the obvious problem with buying passive beta is that as well as tracking the market up, this strategy slavishly tracks the market down too.

The Solution

Recent research conducted by US academics and at Cass Business School, shows that there is a plausible alternative for investors dissatisfied with the search for active alpha and who want to avoid tracking the market down with their passive holdings. This research shows that a combination of trend following and momentum-based rules can produce alpha on a consistent basis and generate investment returns over the long-term that are as good as those produced by a buy and hold strategy, and often better. But more importantly, the returns they generate have volatility that is typically two thirds of that produced by an equivalent buy and hold, passive strategy. The research has now been translated into action through the launch of the

WAY Hasley Global Momentum Fund



The Fund

The Fund is a global momentum fund investing in twenty-four developed markets primarily through the medium of Exchange Traded Funds (ETFs). A proprietary trading system based on specific moving averages is employed and a market is either invested through ETFs or disinvested with proceeds being held in cash or cash-like instruments. The process is mechanical with no judgemental overlay. Historical calculations indicate a 70:30 split in favour of being invested which, when taken with average ETF costs, AMC and administrative charges, should result in a TER of approximately 1.8%. The Fund trades daily and in any size.

ETFs – Simple ETFs are index tracking funds designed to mirror the performance of an index. They can be bought or sold at any time of the day and trade very closely to the actual value of the index mirrored. They are transparent and as liquid as the market they trade. They are very cost efficient (and becoming more so), simple and flexible with well rehearsed settlement and custodial paths.

Back testing analysis

The trading system employed by the Fund is founded on research by the Centre for Asset Management Research at the Cass Business School. It is entirely mechanical, not predictive, and, as such, enables back testing to be performed on an accurate, if unrealised, basis. A Trend Following Model Portfolio if applied over the past decade would have shown the following comparative results:

Launch date 28 February 2011

IMA sector Global Growth

Minimum investment

£100pm
£1,000 lump sum

Fees (Retail)

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

*Where selected for an IHT Plan, an additional 0.3% annual charge is made to cover the ongoing costs associated with the IHT trust arrangement

Yield Est. 0%

Accounting date Last day of February

Distribution date 30th June

Accumulation

SEDOL B606571 ISIN GB00B6065718

Income

SEDOL B62SHJ1 ISIN GB00B62SHJ17

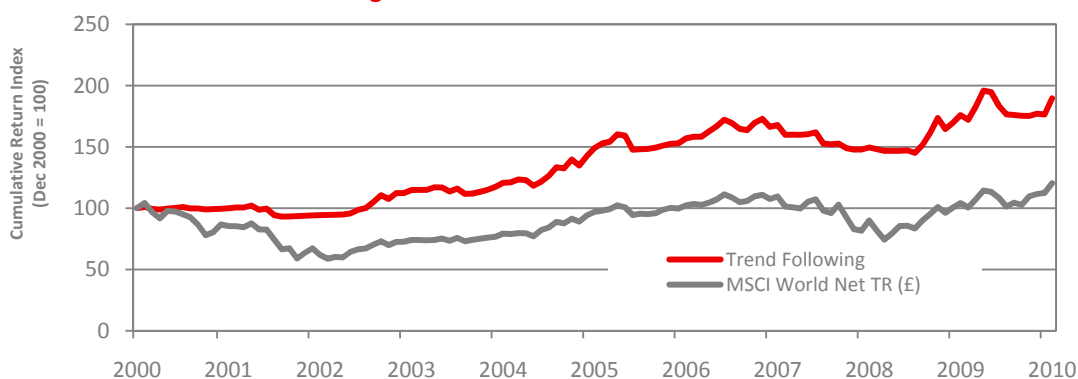
Dealing line 01202 855 856

Trend Momentum Model Portfolio – Developed Markets 2001 to 2010

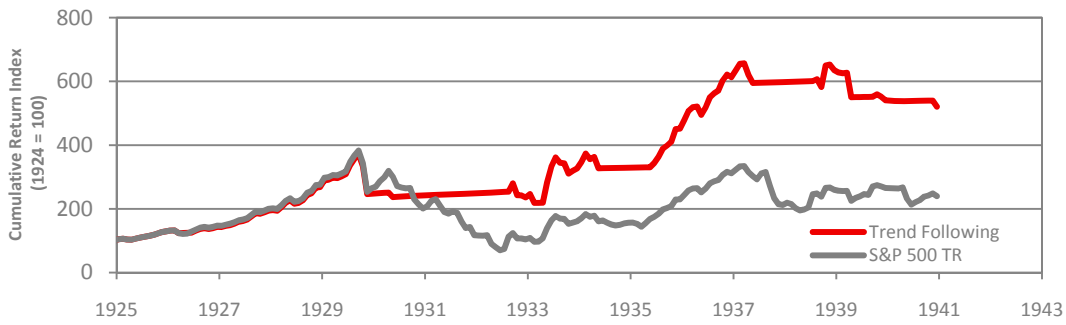
Back-Tested Performance	Trend Following (after fees)	MSCI World Net TR (£) (no fee deduction)
Compound Ann Ret (%)	6.60	1.87
Annualized Vol.(%)	9.59	16.64
Sharpe Ratio (3.65%)	0.31	-0.11
Best Month	7.55	10.17
Worst Month	-7.20	-12.46
Best Calendar Year	23.67	22.45
Worst Calendar Year	-10.91	-27.55
% Positive Months	62.50	55.83
% Negative Months	37.50	44.17
Max. Drawdown (%)	16.04	43.64

All quoted performance sourced from Hasley Investment Management LLP

MSCI World and Trend Following 2000-2010

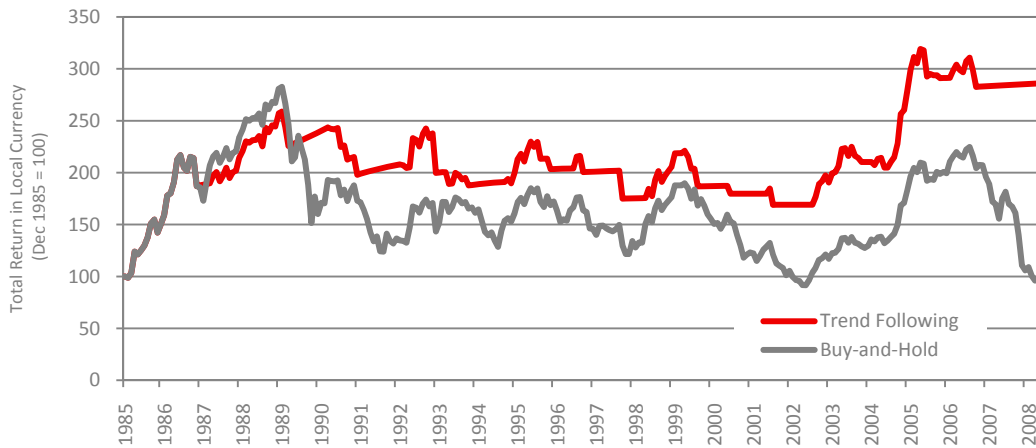


S&P 500 versus Trend Following 1925 - 1940



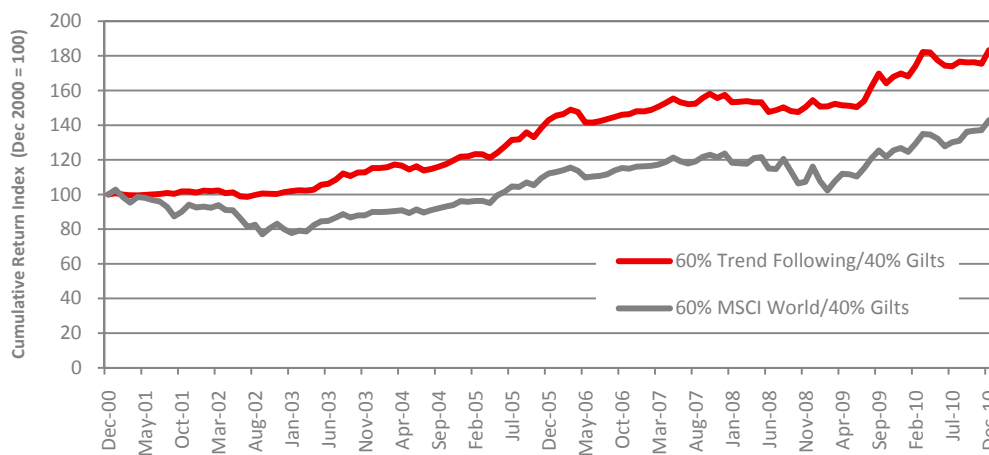
	Trend Following	S&P 500 TR
Annual Return (%)	10.86	5.61
Annual Volatility (%)	16.37	26.47

Buy-and-Hold versus Trend Following in Japanese Equity Market 1985-2009



Trend Following in a 60% Equity/40% Gilt Portfolio 2001-2010

(Combining a trend following Equity portfolio with a Gilt component to demonstrate a model large Pension Fund profile)



	60% Trend/40% Gilt	60% MSCI World/40% Gilts
Annual Return (%)	6.24	3.63
Annual Volatility (%)	5.84	9.97

Investment and Research Team



Roderick Collins:

A founding partner of Hasley who has held senior positions in asset management businesses with NM Rothschild, James Capel and Jardine Matheson. He sits on the board of an investment trust managed by JP Morgan.



Professor Steve Thomas:

From the Cass Business School. Is a member of Hasley's Investment Committee. Steve is a graduate of LSE and Southampton Universities in Economics and Econometrics and has published extensively in international research journals for over 25 years.



Professor Andrew Clare:

The Professor of Asset Management at Cass Business School and the Associate Dean responsible for the largest MSc programme in Europe.

WAY Group

The WAY Group is an independent and privately owned financial services company based on the South Coast. Incorporated in 1996, WAY launched its own fund management company, WAY Fund Managers Ltd, in 2001.

WAY delivers an array of services and strategies, designed specifically to encompass the wide-ranging investment and financial needs of investors, by way of the independent financial adviser (IFA) sector throughout the UK.

Suitability

Investment into the Fund is only suitable for those to whom equity-based investment is appropriate and who are able to invest with at least ten years in mind. The Fund will fluctuate so being invested and staying invested for the long term is essential. With this in mind it should be suitable as a core holding for anyone holding equities over the long term and those tired of trying to time markets.

These may include:

- Personal pension plans
- Trusts and trustees
- Group pension schemes
- Long-term ISA Investors.

Trend following momentum investing is a technique which depends upon tracking the performance of different asset classes, not least by a comparison of actual prices and their moving averages. The approach is purely formulaic with no human judgemental overlay. Historic data has been analysed over the last forty years and compared to notional trend following funds. Some of the results are shown on the following pages and while past performance should not be a guide to the future, it should be noted that the results are the result of specific mathematic formulae and not human whim.

For any more information regarding the Fund, please do not hesitate to contact us, either using the details on www.waygroup.co.uk or www.hasley.co.uk.

Please Remember

Past performance is not necessarily a guide to future performance. The price/value of units/shares and the income from them can go down as well as up as a result of changes in the value of underlying investments. Changes in rates of foreign exchange may have an adverse effect on the value of and on the income derived from an investment. International investment includes risks related to political and economic uncertainties of foreign countries, as well as currency risk. An investor may not get back the amount originally invested. 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.

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