WAY Fund Managers Limited

Elite Balanced Trust

Annual Short Report
for the year ended 31 May 2013

ELITE BALANCED TRUST

Annual Short Report
for the year ended 31 May 2013

Contents **Page**

ELITE BALANCED TRUST

REPORT OF THE INVESTMENT ADVISER FOR THE YEAR ENDED 31 MAY 2013

Investment Objective and Policy

The objective of the Trust is to provide total return with an emphasis on providing capital appreciation.

The Trust will achieve its objective through investment in a portfolio of collective investment schemes, transferable securities (including investment trusts), warrants, deposits and money market instruments selected from the various world markets. The Trust may also invest in unregulated collective investment schemes such as hedge funds (where investment in such funds would be consistent with the investment objective and policy of the Trust).

The portfolio will be actively managed and normally remain fully invested save for such operational liquidity as is required from time to time. The assets of the Trust will be managed in such a way that the units in the trust will be qualifying investments for Individual Savings Accounts.

The use of derivatives and/or hedging transactions are permitted in connection with the efficient portfolio management of the Trust and borrowing will be permitted in accordance with the Regulations.

On giving 60 days' notice to Unitholders, the Trust may, in addition to its other 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 Trust.

Subject to the above, the Trust 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.

Performance

Over the review period and since launch, the relative performance of Elite Balanced Trust has been as follows:

Cumulative Performance	6 months	1 year	2 years	3 years	*Launch
Elite Balanced Trust - Acc	10.36%	18.28%	12.73%	28.04%	74.18%
IMA Mixed Investment 40%-85% Shares	12.75%	21.79%	15.97%	29.72%	67.40%

Discrete Performance	2009	2010	2011	2012	2013
Elite Balanced Trust - Acc	-20.43%	19.89%	13.88%	-4.66%	18.28%

*Since re-launch on 26 April 2001

Source: Morningstar Adviser Workstation. Total Return. Net Distributions/Income reinvested.

Past performance is not a guide to future performance. The value of investments and any income from them may go down as well as up. Exchange rate changes may cause the value of any overseas investments to rise or fall.

Investment Review

The last 6 months has seen a continuation of the equity market rally that started in June last year. All the major stock market indices made impressive gains as central bank support, coupled with improving economic data and a reduction of the tail risk surrounding Europe led to greater optimism amongst investors. During this period the Elite Balanced Trust returned 10.36% vs. 12.75% for the IMA Mixed Investment 40-85% Shares Index.

REPORT OF THE INVESTMENT ADVISER (continued)

Investment Review (continued)

December was a relatively slow month of trading with the protracted negotiations over the large spending cuts and tax increases in the US dominating proceedings. However global equities enjoyed a strong start to the New Year following a last minute deal in the US House of Representatives that stopped the US economy sliding over the 'fiscal cliff'. Improving economic data across the globe provided evidence that the economic recovery in China was back on track and that the pace of decline in Europe had slowed considerably. Against this backdrop, equities rallied and some investors started switching out of bonds into equities.

Following the strong gains made in January, markets endured a relatively sober February as uncertainties in Europe reappeared alongside the US fiscal position. The Italian election ended with a hung parliament, as the Five Star protest movement of comedian Beppe Grillo emerged as the strongest party in the country and Silvio Berlusconi's centre right bloc threatened to challenge the close tally. In the US, M&A activity in early February helped the S&P continue its rally.

April saw markets' growth slow as a softening of global economic data took some of the momentum out of the equity market rally. In the US, GDP figures disappointed, coming in at 2.5% versus a consensus estimate of 3%, and consumer confidence fell to its lowest level in three months. In Europe, tensions within the Spanish economy came to the boil with a number of violent anti-austerity protests as Spanish unemployment went through 27%. Fears of a slowdown in China resurfaced as Chinese GDP came in at 7.7% year-on-year, below forecasts of 8%. Gold suffered its largest fall in 30 years as investors became increasingly concerned that the sale of Cyprus' gold reserves would set a precedent across a troubled Europe. This led to widespread losses across the gold and basic resources sector.

May saw Equity Markets continue their rally from early in the year as encouraging data from China and Germany, along with a cut in European interest rates, combined to propel markets higher. However, comments from Chairman Ben Bernanke to the US congress that a 'tapering' of Federal Reserve asset purchases might only be a few months away provided the trigger to a wave of profit taking across asset classes. In addition to this the Nikkei saw a sharp sell off as investors were left unimpressed with Prime Minister Abe's proposed structural reform package, the third "arrow" in his efforts to promote growth.

Within the Trust we sold our holding in the AXA Framlington UK Equity Income Fund in February, as we looked to lower our equity exposure before the Italian elections. In addition, we added the DB-X FTSE 100 Short ETF Tracker to provide further downside protection; however this was then sold at a slight profit as investors shrugged off concerns over Italy and markets looked set to continue their upward trend.

In March, following a period of weakness around the Cypriot debt situation we added the River & Mercantile UK Equity Long Term World Recovery Fund and CF Miton US Opportunities Fund as we looked to add to our equity exposure. Then in May we made a number of changes, reducing our holding in the Lazard Emerging Markets Fund and disposing of the iShares FTSE UK Gilt ETF. Using the proceeds we added the Cazenove UK Smaller Companies Fund and Polar Capital Healthcare Opportunities Fund. The changes reflected our continuing move away from government bonds into equities, whilst also lowering our overweight in the Lazard Emerging Markets Fund following a strong period of performance.

Outlook

The latter stages of the last 6 months were dominated by fears that the US will withdraw monetary stimulus, with FED Chairman Ben Bernanke's comments preceding a correction across all asset classes. However whilst the scale of the recent drop has caused concern amongst some investors we believe there are plenty of reasons to remain positive on equities over the medium to long term.

An end to Quantitative Easing (QE) in the US is still data dependant and given that, in our view, the full impact of fiscal tightening has yet to be felt in the US we see a move to slow QE in September as unlikely. With this in mind we see the Fed tapering off in December and therefore believe markets will recover into the latter half of this year as the effects of QE in the US and Japan continue to prop up equity markets.

REPORT OF INVESTMENT ADVISER (continued)

In addition to this there are several other reasons to believe that the recent correction has presented an attractive buying opportunity. Whilst slightly unnoticed given events elsewhere, the Eurozone broadly saw upside surprises in economic data from peripheral countries in May and European earnings appear to have troughed following several years of accelerating decline.

In China, the recent sell off was given added impetus by the HSBC flash manufacturing PMI, which came in below expectations at 48.3. However it is worth highlighting that the survey was signalling contraction for the first three quarters of last year, yet industrial production in 2012 still expanded by 10%. Whilst it is clear that the Chinese economy is not growing as fast as it has done in recent years, the new Chinese government (under President Xi Jinping) is emphasising reform, and the need to put the economy on a more sustainable footing. The focus to this point has been on the secondary banking market and excesses within the system but before the year ends we may well see measures that are specifically designed to boost consumption. Low public debt and $3.4 trillion in foreign exchange reserves also gives the authorities great scope to stimulate consumption through tax cuts which could all lead to a resurgent Hang Seng and a further boost to global markets.

In the short term we will be entering a strange period where good news on the economy is likely to be seen as bad news by the markets, as it would speed the exit from QE, however once the dust settles we suspect that the market will acknowledge that most companies do well from a strong economic environment in which unemployment falls, and consumer spending rises.

Vestra Wealth
Investment Adviser to the Trust **28 June 2013**

ELITE BALANCED TRUST

PORTFOLIO STATEMENT
as at 31 May 2013

Holding		Market Value £	Percentage of total net assets %
	United Kingdom : 61.60% (57.35%)		
723,327	AXA Framlington Global Technology	306,578	2.10
-	BlackRock UK Dynamic Fund*	-	-
105,461	Cazenove UK Opportunities	416,993	2.86
95,364	Cazenove UK Smaller Companies Fund	261,078	1.79
412,437	CF Acuim UK Multi Cap Income	561,904	3.85
288,461	CF Liontrust Macro Equity Income Fund	521,623	3.57
493,340	CF Eclectica Absolute Macro	512,334	3.51
250,325	CF Miton US Opportunities Fund	260,313	1.78
473,037	Invesco Perpetual Corporate Bond Fund	418,638	2.87
100,000	River and Mercantile ICVC World Recovery	283,600	1.94
6,056	Henderson Strategic Bond Fund	7,763	0.05
737,058	Jupiter Strategic Bond	487,343	3.34
562,430	Kames ICVC - High Yield Bond Fund	575,534	3.94
502,089	Legal & General Dynamic Bond Trust	336,579	2.30
326,209	Liontrust Special Situations	837,138	5.73
352,609	M&G Optimal Income Fund	494,147	3.38
79,763	R&M UK Equity Long Term Recovery Fund	519,193	3.55
-	Rathbone Income Fund**	3	0.00
115,268	Royal London UK Equity	724,343	4.96
158,721	SVM UK Opportunities Fund	555,842	3.81
7,980	Threadneedle UK E Inc - 2 - Inc	7,019	0.05
105	Threadneedle UK E Inc - Inst Inc	151	0.00
2,971	Threadneedle UK Sell - 2 - INI	2,945	0.02
187,622	Troy Trojan Fund	393,856	2.70
329,833	Troy Trojan Income	511,637	3.50
		8,996,554	**61.60**
	Global : 14.64% (14.73%)		
15,313	Advance Umbrella Brazil LeBlanc Equity	178,544	1.22
19,868	BlackRock Gold and General Fund	175,964	1.20
290,877	First State Global Listed Infrastructure	373,253	2.56
68,115	JPM Natural Resources Fund	414,278	2.84
169,535	Lazard Emerging Markets Fund	425,872	2.92
40,277	Morgan Stanley Global Brands Fund	570,202	3.90
		2,138,113	**14.64**
	Far East : 8.47% (7.84%)		
36,831	Coupland Cardiff Asia Alpha Fund	534,529	3.66
97,702	First State Asia Pacific Leaders Fund	427,759	2.93
1,162	Schroder ISF Asian Total Return Fund	274,689	1.88
		1,236,977	**8.47**

ELITE BALANCED TRUST

PORTFOLIO STATEMENT (continued)
as at 31 May 2013

	United States of America : 10.64% (12.54%)		
39,604	Brown Advisory American Fund	488,713	3.35
8,951	Findlay Park American Fund	374,564	2.56
18,284	Polar Capital Healthcare Opportunities Fund	268,592	1.84
47,022	Polar Capital North American Fund	422,257	2.89
		1,554,126	**10.64**
	Continental Europe : 1.63% (1.40%)		
17,063	BlackRock Global Funds - Continental European Flexible	238,710	1.63
		238,710	**1.63**
	Market Value of Investments : 96.98% (93.86%)	**14,164,480**	**96.98**
	Net other assets : 3.02% (6.14%)	441,076	3.02
	Total net assets	**14,605,556**	**100.00**

Note: Comparative figures shown in brackets relate to 31 May 2012

The above are all Collective Investment Schemes unless otherwise stated.
*Holding for BlackRock UK Dynamic Fund is 0.027 shares
**Holding for Rathbone Income Fund is 0.32 shares

ELITE BALANCED TRUST

PERFORMANCE RECORD

Price and Income History

Calendar Year	Unit Class	Highest Price	Lowest Price	Distribution per unit
2009	A Accumulation	100.34	76.50	1.4102
2010	A Accumulation	115.01	97.26	1.0606
2011	A Accumulation	117.33	97.94	0.6914
2012	A Accumulation	117.44	105.00	0.7189
2013*	A Accumulation	130.15	117.05	-
	B Accumulation	108.39	100.00	-
	B Accumulation USD	**66.17	**65.92	-
	C Accumulation	103.63	97.93	-

* to 31 May 2013
** Priced in pence

Net Asset Value

Accounting Date	Unit Class	Net Asset Value £	Units in issue	Net Asset Value per unit p
31 May 2011	A Accumulation	15,333,653	13,405,111	114.39
31 May 2012	A Accumulation	12,674,131	11,669,508	108.61
31 May 2013	A Accumulation	14,008,277	10,907,822	128.42
	B Accumulation	92,839	86,796	106.96
	B Accumulation USD	85,726	129,961	*65.96
	C Accumulation	418,714	409,465	102.26

* Priced in pence

Other Relevant Prices

Date		Unit Class	Price p
Launch Date	9 December 1991	A Accumulation	50.00
Accounting Date	31 May 2013	A Accumulation	128.42
		B Accumulation	106.96
		B Accumulation USD	*100.35
		C Accumulation	102.26
Latest Date	26 July 2013	A Accumulation	127.75
		B Accumulation	106.49
		B Accumulation USD	*101.25
		C Accumulation	101.73

* Priced in cents

PERFORMANCE RECORD (continued)

Total Expense Ratio (TER)

This is a measure of the cost associated with managing the Trust. Apart from the initial charge and transaction costs, all other expenses are included in the TER. The TER is an internationally accepted standard for comparison of costs for authorised funds.

The TERs for share classes in the Trust as at 31 May 2013 were:

A Accumulation	2.65%	(2012: 2.09%)
B Accumulation	2.15%	-
B Accumulation USD	2.15%	-
C Accumulation	2.65%	-

ELITE BALANCED TRUST

DISTRIBUTION TABLE
as at 31 May 2013

Final

Group 1: Units purchased prior to 1 June 2012
Group 2: Units purchased on or after 1 June 2012 and up to 31 May 2013

A Accumulation Units	Gross income p	Tax credit at 10% p	Net income p	Equalisation p	Allocation 31 July 2013 p	Allocated 31 July 2012 p
1	0.3980	0.0398	0.3582	-	0.3582	0.7189
2	-	-	-	0.3582	0.3582	0.7189

B Accumulation Units	Gross income p	Tax credit at 10% p	Net income p	Equalisation p	Allocation 31 July 2013 p	Allocated 31 July 2012 p
1	-	-	-	-	-	-
2	0.4857	0.0486	0.4371	-	0.4371	-

B Accumulation USD Units*	Gross income p	Tax credit at 10% p	Net income p	p	Allocation 31 July 2013 p	Allocated 31 July 2012 p
1	-	-	-	-	-	-
2	0.0216	0.0022	0.0194	-	0.0194	-

C Accumulation Units	Gross income p	Tax credit at 10% p	Net income p	Equalisation p	Allocation 31 July 2013 p	Allocated 31 July 2012 p
1	-	-	-	-	-	-
2	0.1656	0.0166	0.1490	-	0.1490	-

*Distribution has been paid in pence

EQUALISATION

Equalisation applies only to units purchased during the distribution period (Group 2 units). It represents the accrued income included in the purchase price of the units. After averaging it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the units for capital gains tax purposes.

ELITE BALANCED TRUST
GENERAL INFORMATION

The Trust

Elite Balanced Trust is an Authorised Unit Trust, and is a non-UCITS Retail Scheme within the meaning of the Financial Services Authority's Collective Investment Schemes sourcebook ("COLL"). The Trust was authorised on 5 December 1991.

The Manager

The Manager is responsible for all aspects of administration and management within the Trust. The Manager 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 Conduct Authority and is a member of the IMA (Investment Management Association).

The Trustee

The Trustee acts as the custodian for all assets relating to the Trust. The Trustee is State Street Trustees Limited, 20 Churchill Place, Canary Wharf, London, E14 5HJ. The Trustee is authorised and regulated by the Financial Conduct Authority.

The Investment Adviser

The Investment Adviser to the Trust is Vestra Wealth LLP.

Prospectus

Copies of the Trust's Prospectus are available free of charge from the Manager upon request.

Unit Type

The Trust issues Accumulation units only.

Pricing and Dealing

A single price is always quoted for units in the Trust.

Dealing in all Unit Trusts 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 units over the telephone. Units can only be bought in writing enclosing settlement in full. 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.

On large deals, which for this purpose is defined as a single purchase, single or aggregate redemptions of units equivalent to more than 2% of the Net Asset Value of the Trust, the Manager may charge a dilution levy on the price of units. In respect of a purchase, this is added to the cost and, in respect of a redemption, this is deducted from proceeds. The amount is not retained by the Manager, but is paid into the Trust.

The minimum initial lump sum investment in the Trust is £5,000 and the minimum amount you may sell back to the Manager at any one time is £1,000, providing you maintain a balance of £5,000. At its absolute discretion, the Manager may accept a lower minimum amount for the purchase and sale of units.

GENERAL INFORMATION (continued)

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. unit certificates will not be issued. Instructions to sell your units 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 Trust of purchasing or selling its investments may be higher or lower than the mid-market value used in calculating the unit 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 Trust. Under certain circumstances (e.g. large volumes of deals) this may have an adverse effect on the interests of unitholders 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 units. The dilution levy will be applied at outset and will be paid into and will become part of the Trust. The dilution levy for the Trust will be calculated by reference to the costs of dealing in the underlying investments of the Trust, including any dealing spreads, commission and transfer taxes.

Management Charges

The initial charge on the Trust is 5.25% for "A" and "C" units and no charge for "B" units.

Annual management fee is 1.5% for "A" and "C" units and 1% for "B" units . The Prospectus permits these to be increased, with any proposed increases subject to 60 days' notice to unitholders.

Certain other expenses are met by the Trust, the nature of which are detailed in the Trust's Prospectus.

Reports

Reports, in their "short-form", will be sent to all unitholders on an annual and half-yearly basis. The "long-form" accounts are available free of charge on request from the Manager.

Publication of Prices

The price of units in the Trust is quoted daily on the web pages of Financial Express at www.fundlistings.com.

Stamp Duty Reserve Tax

Stamp Duty Reserve Tax ("SDRT") is a 0.5% tax that is payable by the Trustee of a unit trust when unitholders sell their units in that unit trust. This may have an affect on you as the unitholder depending on how the unit trust manager will be treating this particular charge. Subject to limits contained within the Trust's Prospectus, any SDRT liability incurred by the Trust will be charged to the Trust, which could mean that less of your money will be invested for potential capital and income growth.

Capital Gains Tax

An Authorised Unit Trust is exempt from UK Capital Gains tax. An individual's first £10,900 of net gains on disposals in the 2013/2014 tax year are exempt from tax. Gains in excess of £10,900 for 2013/2014 are subject to a rate of tax dependent on an individual's total annual taxable income.

Important Information

It is important to remember that the price of units, 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 units 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 unit trust investment as long term.

ELITE BALANCED TRUST

RISK PROFILE

Investors should bear in mind that all investment carries risk and in particular should be aware of the following:

- Past performance is not a guide to the future. The value of units and the income derived from them can go down as well as up and as a result the investor may not get back the amount originally invested. This can be as a result of market movements and also of variations in the exchange rates between currencies. The Manager's preliminary charge is deducted from an investment at the outset and various other charges accrue daily, therefore an equivalent rise in the value of the units is required before the original investment can be recovered;

- For hedging purposes only, in order to reduce or eliminate risk arising from fluctuations in interest or exchange rates and in the price of investments, the Investment Adviser may enter into certain derivatives transactions, including, without limitation, forward transactions, futures and options. The value of these investments may fluctuate significantly. By holding these types of investments there is a risk of capital depreciation in relation to certain Trust assets. There is also the potential for capital appreciation of such assets. The Manager does not anticipate that the use of derivatives will have any significant impact on the risk profile of the Trust;

- The wider investment power of the Trust will enable them, to invest in derivatives directly. It is intended that the scheme property will be managed in such a way as to maintain a stable and relatively low volatility level, reflecting the investment policy for the Trust generally.

- The levels of relief from taxation will depend upon individual circumstances. Please note current tax levels and reliefs may change and their value will depend on the investor's individual circumstances;

- The level of income generated by the Trust will fluctuate and is not guaranteed.

- Subject to COLL, the Trust may invest in unregulated collective investment schemes (including hedge funds). Investment in unregulated collective investment schemes carries additional risks as these schemes may not be under the regulation of a competent regulatory authority, may use leverage techniques and may carry increased liquidity risk as units/shares in such schemes may not be readily realisable.

- There is a risk to capital, including potential risk of erosion resulting from withdrawals or cancellations of units and distributions in excess of investment returns.

- There is a risk of inflation devaluing your investment return.

- If a significant proportion of a Trust's assets is either denominated in other currencies or is in investments in unit trusts or investment funds with substantial currency exposure there is a danger that the income and capital value of a Trust may be significantly affected by currency movements.

- A custody risk might arise where a Trust holds investments in foreign markets with the possibility of loss on securities in safekeeping (custody), as a result of the custodian’s insolvency, negligence, misuse of assets, fraud, poor administration or inadequate record keeping.

RISK PROFILE (continued)

- There is a credit risk, where the counterparty to a deal may default on repayment or not deliver its side of the deal. The Funds aim to minimise concentrations of credit risk by undertaking transactions with a large number of counterparties on recognised and reputable exchanges. The Funds only buy and sell investments through brokers which have been approved as an acceptable counterparty.

ELITE BALANCED TRUST

Manager/Registrar
WAY Fund Managers Limited *
Cedar House
3 Cedar Park
Cobham Road
Wimborne
Dorset BH21 7SB

Directors of the Manager
P Wilcox (Chairman)
P Hugh Smith
P Legg
V Hoare

Trustee
State Street Trustees Limited*
20 Churchill Place
Canary Wharf
London E14 5HJ

Independent Auditor
Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Investment Adviser
Vestra Wealth LLP *
14 Cornhill
London EC3V 3NR

Fund Accountant
Sharefunds Limited *+
Oxford Road
Aylesbury
Buckinghamshire HP21 8SZ

Fund Accountant
Apex Fund Services (UK) Limited *++
Veritas House
125 Finsbury Pavement
London EC2A 1NQ

*Authorised and regulated by the Financial Conduct Authority ("FCA")
+ to 28 February 2013
++ from 1 March 2013