



WAY Fund Managers Limited

Elite Balanced Trust

Interim Report 2012

ELITE BALANCED TRUST

REPORT OF THE INVESTMENT ADVISER

(unaudited) for the period 1 June 2012 to 30 November 2012

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 the Elite Balanced Trust has been as follows:

	6 months	1 year	2 years	3 years	*Launch
Elite Balanced Trust	7.14%	12.89%	5.65%	19.98%	57.82%
IMA Mixed Investment 40-85% Shares Average	7.90%	11.04%	8.18%	19.33%	48.45%

Discrete Performance	2008	2009	2010	2011	YTD
Elite Balanced Trust	-26.06%	22.90%	13.56%	-6.41%	12.89%

*Since re-launch on 26 April 2001

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

Investment Review

The last six months have seen a substantial rally in equities and corporate credit, as a number of central banks introduced policies to stabilise the economy. The Federal Open Market Committee (FOMC) extended its program of selling short dated assets to purchase longer dated ones, known as 'Operation Twist.' The European Central Bank (ECB) reduced its interest rates by 0.25 per cent at the beginning of July. The Bank of England (BOE) expanded its asset purchase program and the People's Bank of China (PBOC) twice reduced interest rates, the first cuts since 2008. During this period the Elite Balanced Trust returned 7.14% vs 7.90% for the IMA Mixed Investment 40-85% Shares Index.

In June, markets were buoyed by better than expected Greek election results and an announcement from the European Financial Stability Facility (EFSF) that support would be offered directly to distressed banks. This marked the beginning of a prolonged rally in European equities as the EUROSTOXX 50 returned 23.98% over the six months. Further support came in July as Mario Draghi (European Finance Minister) stated that he '...will do whatever it takes' to keep the Euro intact.

ELITE BALANCED TRUST

REPORT OF THE INVESTMENT ADVISER (continued)

Investment Review (continued)

In contrast to last year August was relatively quiet as seasonal volumes remained low, although September saw a return to the risk-on rally of previous months as Bernanke signalled the start of QE3 in the US and, in Europe, the German constitutional court approved the European Stability Mechanism bailout vehicle with few restrictions.

After a strong summer, equity markets ran out of steam in October as investors digested a relatively weak 3rd Quarter earnings season in the US and expectations of a Spanish bailout weighed on investor sentiment. November was a volatile month as Hurricane Sandy wreaked havoc across the Eastern Seaboard of the US, and investors awaited the outcome of the US Presidential election. With Obama's narrow victory re-affirming the status quo, attention moved to the potentially damaging 'fiscal cliff', of prospective tax rises and spending cuts.

Trading within the Trust was relatively busy as we looked to take advantage of the various policy responses and volatile trading conditions. In early June we removed the DB-X Tracker FTSE 100 Short ETF, as we felt markets had bottomed, adding the Blackrock Gold & General Fund in order to take advantage of the dislocation we were seeing between Gold Mining shares and the underlying commodity. In July we added to our UK equity income weighting through the CF ACUIM UK Multi Cap and Royal London UK Equity Income Funds. As markets then rallied throughout July, August and September, we felt it prudent to lock in some of these gains, disposing of the Old Mutual UK Smaller Companies, Threadneedle UK Equity and Threadneedle American Select Funds. Finally in November, following the sharp losses seen around Hurricane Sandy and the US election, we made a number of changes as we looked to increase the yield on the portfolio; adding the First State Global Listed Infrastructure and Invesco Corporate Bond Funds, and adding to our existing holdings in the CF ACUIM UK Multi-Cap and Royal London UK Equity Income Funds.

Outlook

The world economy continues to face a period of sluggish growth with the process of bank deleveraging in the UK and Europe, stifling economic growth in the region. China has yet to avert fears of a hard economic landing, whilst a lack of resolution in the Euro crisis continues to plague activity and sentiment. In the US the 'fiscal cliff' negotiations will continue to be at the forefront of investors' minds over the next month, with markets at the mercy of the US congress until a decision is made. However if a solution can be reached, there are plenty of reasons to be positive heading into the New Year. Economic data in the US is improving (in particular rising house prices and falling unemployment) and following the change of leadership in China, we expect some form of stimulus over the coming months.

Events in Europe will continue to drive sentiment in equity markets next year. However we believe that much of the tail risk has been removed by Draghi's comments and the action of European policy makers to reduce yields on peripheral Euro-zone member sovereign debt; through a more extensive bond purchasing program.

In terms of our asset allocation, we remain positive on equity markets but continue to tilt toward the more defensive areas such as infrastructure and resilient global brands. In our view, the search for income is liable to intensify throughout the year as the yields on both government and corporate debt are at historically low levels. With central banks likely to keep interest rates low for the foreseeable future, we favour high quality companies with strong balance sheets, and good dividend yields.

ELITE BALANCED TRUST**PORTFOLIO STATEMENT**

(unaudited) as at 30 November 2012

Holding	Market Value £	Percentage of total net assets %
United Kingdom: 60.36% (57.35%)		
79,787 AXA Framlington Equity Income Income	363,956	2.71
19,868 BlackRock Gold & General	265,043	1.98
- BlackRock UK Dynamic	-	-
412,437 CF Acum UK Multi Cap Income	473,230	3.53
493,340 CF Eclectica Absolute Macro C	509,176	3.80
288,461 CF Liontrust Macro Equity Income	442,095	3.30
105,461 Cazenove UK Opportunities	340,038	2.54
5,986 Henderson Strategic Bond A Income	7,466	0.06
473,037 Invesco Perpetual Corporate Bond	405,393	3.02
32,350 iShares FTSE UK All Stocks Gilt	386,259	2.88
737,058 Jupiter Strategic Bond Institutional Income	472,602	3.53
562,430 Kames Capital High Yield Bond B Income	561,192	4.19
502,089 Legal & General Dynamic Bond A Income	328,115	2.45
326,209 Liontrust Special Situations Income	746,628	5.57
352,609 M&G Optimal Income A	470,205	3.51
- Rathbone Income Income	2	0.00
79,763 R&M UK Equity Long Term Recovery B	401,072	2.99
115,268 Royal London UK Equity Income	606,193	4.52
158,721 SVM UK Opportunities B	460,609	3.44
103 Threadneedle II UK Equity Income Institutional Income	127	0.00
7,857 Threadneedle UK Equity Income Institutional Income	5,918	0.04
2,956 Threadneedle UK Select Institutional	2,483	0.02
329,833 Troy Trojan Income O Income	453,026	3.38
187,622 Troy Trojan O Income	388,490	2.90
	8,089,318	60.36
Global: 16.94% (14.73%)		
15,313 Advance Brazil Leblon Equities Fund B	150,522	1.12
723,327 AXA Framlington Global Technology Accumulation	279,638	2.09
290,877 First State Global Listed Infrastructure	326,655	2.44
68,115 JPM Natural Resources A Accumulation	497,310	3.71
236,438 Lazard Emerging Markets Institutional Income	530,567	3.96
40,277 Morgan Stanley Global Brands Class I Income	484,874	3.62
	2,269,566	16.94
Far East: 8.38% (7.84%)		
36,831 CC Asia Alpha	499,245	3.73
97,702 First State Asia Pacific Leaders A Accumulation	388,190	2.90
1,150 Schroder SISF Asian Total Return C Distribution	235,126	1.75
	1,122,561	8.38

ELITE BALANCED TRUST**PORTFOLIO STATEMENT (continued)**

(unaudited) as at 30 November 2012

United States of America: 7.89% (12.54%)		
39,064	Brown Advisory American	417,426 3.11
8,951	Findlay Park American Smaller Companies	300,394 2.24
47,022	Polar Capital American S	340,439 2.54
		1,058,259 7.89
Continental Europe: 1.57% (1.40%)		
17,063	BlackRock Continental European Flexible A4RF Hedge	210,215 1.57
		210,215 1.57
Market Value of Investments: 95.14% (93.86%)		12,749,919 95.14
Net other assets: 4.86% (6.14%)		651,609 4.86
Total net assets		13,401,528 100.00

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

The above are all Collective Investment Schemes unless otherwise stated.

**ELITE BALANCED TRUST
PERFORMANCE RECORD**

Price and Income History

Calendar Year	Unit Class	Dual Priced		Single Priced		Accumulation distribution	
		Highest Offer Price P	Lowest Bid Price P	Highest Price P	Lowest Price P	Pence per unit	per £1,000 invested 4 January 2005 £
2007	Accumulation	114.90*	104.90*	113.10**	107.40**	0.7446	9.54
2008	Accumulation	-	-	109.66	74.56	1.2641	16.19
2009	Accumulation	-	-	100.34	76.50	1.4102	18.06
2010	Accumulation	-	-	115.01	97.26	1.0606	13.59
2011	Accumulation	-	-	117.33	97.94	0.6914	8.85
2012***	Accumulation	-	-	116.98	102.68	0.7189	9.20

* 1 January 2007 to 9 February 2007

** 12 February 2007 to 31 December 2007

*** to 30 November 2012

Net Asset Value

Accounting Date	Unit Class	Net Asset Value £	Units in issue	Net Asset Value per unit P
31 May 2010	Accumulation	13,472,029	13,246,972	101.70
31 May 2011	Accumulation	15,333,653	13,405,111	114.39
31 May 2012	Accumulation	12,674,131	11,669,508	108.61
30 November 2012	Accumulation	13,401,528	11,499,740	116.54

Other Relevant Prices

Date	Unit Class	Price P
Launch Date 9 December 1991	Accumulation	50.00
Accounting Date 31 30 November 2012	Accumulation	116.29
Latest Date 18 January 2013	Accumulation	120.45

The Trust converted from dual to single pricing on 12 February 2007

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 TER of the Trust at 30 November 2012 was 2.42%.(31 May 2012: 2.09%)

ELITE BALANCED TRUST

GENERAL INFORMATION

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.

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

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*Authorised and regulated by the Financial Services Authority ("FSA")