

Cash Fund

Manager's Half-Year Short Report 2012



WESLEYAN

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Fund review

The price of units in the Wesleyan Cash Fund increased by 0.16% over the six-month period ending 31 December 2012. This compares favourably to the IMA Short Term Money Market sector average return of 0.06%*. Wesleyan Cash Fund units held since the Fund launch date have seen an increase in value of 47.60%, which compares well with the increase of 41.36% for the sector average*. The Fund continued to position its cash deposits over a relatively shorter time horizon, prudently managing them against any potential adverse news flow.

Over the six-month period, the Bank of England's Monetary Policy Committee (MPC) voted to hold the UK Bank Rate at the 0.5% level that was first announced in March 2009. However, in July 2012 the MPC decided to increase their purchases of financial assets by £50 billion, undertaken in order to increase the quantity of money in the UK economy, taking the cumulative level of these purchases to £375 billion. The MPC decided that the near-term outlook for UK economic growth had weakened to such an extent that additional stimulus was required in order to support growth.

The Consumer Price Index (CPI) measure of annual UK inflation began the reporting period at 2.4%, modestly above the 2% target level. Inflation nudged higher in July before falling in consecutive months to 2.2% in September as steep utility price increases from 2011 dropped out of the calculation. 2.2% proved a brief respite as CPI inflation jumped to 2.7% in October, a rate which was sustained in both November and December.

*Source: Financial Express

Fund outlook

Global equity markets strengthened in January 2013 as optimism grew in the world's two largest economies, the US and China. Hopes that the worst of the eurozone crisis is now behind us has also encouraged some investors to reduce their holdings of less risky assets, such as cash and bonds, which has benefited growth assets such as equities.

In the UK the release of the preliminary estimate of gross domestic product (GDP) for the final quarter of 2012, showing a quarter-on-quarter decline of 0.3%, eroded a large part of the impressive third-quarter reading of 0.9%, which was boosted by the London Olympics. The snow affected month of January is likely to have had an adverse impact on GDP in the first quarter and there is the possibility of inflationary pressure returning as utility bills head higher in 2013. An environment of rising inflation and anaemic economic growth creates a challenging backdrop for cash fund returns when rates remain at such low levels.

Disappointing economic data has reignited speculation that the UK will lose its highly coveted AAA credit rating and, as we approach almost four years of the historically low rate of 0.5%, there appears to be no imminent sign of a rise in the UK Bank Rate. From July 2013 Mark Carney, the current governor of the Bank of Canada, will assume his new role as the governor of the Bank of England. How Mr Carney votes during his first MPC meeting and the tone he adopts in future speeches, as the new governor, will be closely watched. Despite all of this uncertainty the Wesleyan Cash Fund continues to prudently manage unitholders' cash in this undoubtedly tough environment for depositors.

A handwritten signature in black ink, appearing to read 'C. C. Ward', with a stylized flourish at the end.

Clive C. Ward, BSc, FIA

Chief Executive

Wesleyan Unit Trust Managers Limited

14 February 2013

Trust and benchmark performance

	1/3/99	30/6/12	31/12/12	Change	
				Last 6 months	Since launch
Cash Fund Unit Price	100.00p	147.37p	147.60p	0.16%	47.60%
IMA Money Market Average*	–	–	–	0.06%	41.36%

*Source: Financial Express

Performance record

Date	Net Asset Value per unit (pence)	Change over period
30/6/08	142.71	4.64%
30/6/09	145.81	2.17%
30/6/10	146.29	0.33%
30/6/11	146.80	0.35%
30/6/12	147.36	0.38%
31/12/12	147.60	0.16%

Past performance is not a guide to future performance. The price of units and distributions credited may go down as well as up. Investments in unit trusts should normally be regarded as long-term investments.

Fund facts

Interim/Annual Accounting dates	Payment dates
31 December	28 February
30 June	31 August

Ongoing Charge Figures* % as at 31/12/12	Ongoing Charge Figures* % as at 30/6/12
Nil	Nil

*The Ongoing Charges take into account the Manager's fee and any fixed expenses expressed as a percentage of the average daily net asset values over the period. Following the adoption of the requirements of UCITS IV in June 2012, Ongoing Charges have replaced the Total Expense Ratio ("TER"). The comparative figures have not been restated. The main difference between the two calculations is the inclusion of custody-related transaction charges in the Ongoing Charges Figure.

Accumulation summary

Unit type	Total Distribution (p) for the period ended 31/12/12	Total Distribution (p) for the period ended 31/12/11
Accumulation	0.2330	0.2795

Investment objective and policy

The aim of the Manager is to provide an attractive yield compatible with a high level of security, principally through investments in the UK in short-term deposits and money market instruments and also, at the Manager’s discretion, in fixed interest securities.

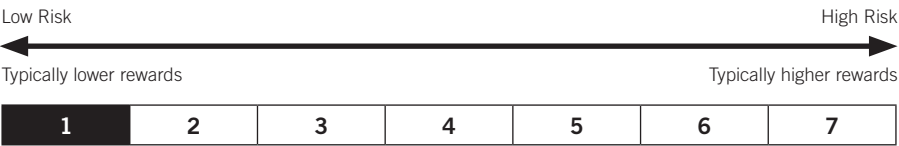
It is intended that the Fund will at all times be a qualifying investment for Individual Savings Accounts.

Risk profile

The main risks faced by Wesleyan Cash Fund arise from:

- (i) interest rate risk, being the risk that interest rates could fall resulting in lower growth than illustrated; and
- (ii) inflation risk, being the risk that inflation could erode the value of your investment.

Risk and reward profile



- The risk category is based on the rate the fund’s value has moved up and down in the past. The fund’s value can be influenced by changes in stock market prices, currencies and interest rates which can be affected by factors such as political and economic events.
- This risk category is calculated in line with European Union rules using historical data.
- This is not a guarantee and may not be a reliable indication of the fund’s future risk and reward category.
- A fund in the lowest category does not mean a ‘risk free’ investment.

Portfolio of investments

as at 31 December 2012

All investments are cash deposits except where otherwise stated.

Percentages in brackets show the equivalent sector distribution as at 30 June 2012.

Holding £	Investment	Cost £	Percentage of total net assets %
CASH DEPOSITS – 99.91% (100.02%)			
636,618	Barclays 0.001% 02/01/13	636,618	17.53
602,501	Coventry Building Society 0.41% 4/1/13	602,501	16.59
624,857	HSBC Bank 0.35% 3/1/13*	624,857	17.21
556,513	Lloyds Banking Group 0.35% 9/1/13	556,513	15.33
556,947	Nationwide Building Society 0.40% 17/1/13	556,947	15.34
650,299	Royal Bank of Scotland 0.42% 4/1/13	650,299	17.91
	Portfolio of investments	3,627,735	99.91
	Net other assets	3,155	0.09
	Net assets	3,630,890	100.00

*A related party to the Fund

Fund Manager: Marc S. O'Sullivan, BSc, CFA

Other information

The information in this report is designed to enable unitholders to make an informed judgement on the activities of the Fund during the period it covers and the results of those activities at the end of the period.

Report and Accounts

Copies of the annual and half-yearly long-form report and accounts of this Fund are available free of charge on request to the Manager, by calling 0845 351 2352 or via our website www.wesleyan.co.uk/report

Manager and Advisers

Manager:	Wesleyan Unit Trust Managers Limited Colmore Circus Birmingham B4 6AR
Directors:	C.W. Errington, CDir, FloD (Chairman) M.G. Lewis, MA, FIA (Resigned 19 October 2012) S.J. Porter, Dip IoD C.C. Ward, BSc, FIA
Trustee:	HSBC Bank plc 8 Canada Square London E14 5HQ
Registrar:	International Financial Data Services Limited PO Box 9033 Chelmsford CM99 2WQ
Independent Auditors:	PricewaterhouseCoopers LLP Erskine House 68-73 Queen Street Edinburgh EH2 4NH
Legal Advisers to the Manager:	Eversheds LLP Senator House 85 Queen Victoria Street London EC4V 4JL

Wesleyan Cash Fund is an authorised unit trust scheme within the meaning of the Financial Services and Markets Act 2000. It is categorised as a UCITS scheme. The Manager, Trustee and Independent Auditors are authorised and regulated by the Financial Services Authority.



If you would like this document in Braille, large print or audio tape, please contact 0845 351 2352.

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WI-REP-9-02/13

