



## *WAY Fund Managers Limited*

**Our Ref:** VH/FACET-C/141019

**Date:** 14<sup>th</sup> October 2019

Dear Investor,

**EF FACET Cautious Discretionary Portfolio (a sub-fund of the EF FACET Discretionary Portfolios) (the “Fund”)**

It is with regret that I am writing to inform you that WAY Fund Managers Limited (“WFM”), the Fund’s Authorised Corporate Director (“ACD”), has taken the decision, with the agreement of the Fund’s Depositary (Northern Trust Global Services SE), to suspend dealing in the shares of the Fund on a temporary basis, from Thursday, 10<sup>th</sup> October 2019. We have also informed the Financial Conduct Authority (“the FCA”) of this action. Shareholders will not be able to buy or sell shares in the Fund during the period of suspension. We offer our sincere apologies to all Shareholders for having to take this course of action at this time. **This letter is for information only and it does not require you to take any action.**

**Reasons behind the decision to suspend dealing in shares of the Fund**

- The Fund holds a number of illiquid and less-liquid securities, by which we mean that there is no active and transparent market on which they can be sold, or that they can only be sold over an extended period of time;
- The FCA’s rules require that there should always be sufficient liquidity held by a fund to enable it to satisfy any redemptions that a shareholder might request. Whilst the Fund does have significant liquidity, to permit further redemptions at this time would reduce the liquidity available and could lead to a situation where the Fund was left with insufficient liquidity to meet those redemptions;
- By suspending the Fund, the aim is to provide the Fund’s investment adviser with a period of time to sell some of the less-liquid holdings;
- In due course we expect the Fund to receive cash in exchange for the majority of the illiquid holdings. Unfortunately we have no firm timetable for this, as yet;
- With regard to the Fund, the amount of illiquid and less-liquid securities held has been rising very slowly over the past 12 months and is now at the following levels (as at 10<sup>th</sup> October 2019):
  - Liquid (can be sold for settlement with 4 business days) – 45.12%;
  - Illiquid (cannot be sold, unless another party wants to buy, or the asset is wound-up/liquidated): 24.50%;
  - Less-liquid (can only be fully sold over an extended period of time): 30.38%.



## What happens now?

- Each period of suspension is reviewed at least every 28 days, although the suspension can be lifted at any time if the reasons for the suspension no longer apply;
- At the end of the 28 day period, the suspension can be extended for a further 28 day period;
- WFM has agreed a plan with the Fund's investment adviser, FACET Investment Management Limited ("FACET"), to reduce its illiquid and less-liquid holdings, as follows:
  - The holdings of less-liquid and illiquid holdings, in aggregate, to be reduced to below 20% of the Fund's net asset value;
  - The holdings of illiquid securities to be reduced to a maximum of 10% of the Fund's net asset value;
  - The above limits on less-liquid and illiquid to be adhered to on an ongoing basis thereafter;
- WFM will write to all affected shareholders on a four-weekly basis, in line with the periods of suspension, to update them in relation to the positions held in illiquid and less-liquid securities and again when the suspension has been lifted.

As referred to above, by suspending the Fund now, WFM believes that this will provide FACET with a period of time to arrange for an orderly disposal of the less-liquid securities. The issuer of two of the holdings of illiquid securities has informed FACET that those illiquid securities are being wound up (although we have no definitive timescales for this) and both WFM and FACET will monitor the values likely to be received by the Fund.

Please note that WFM has no plans to terminate the Fund and believes that it will remain a going concern once the suspension has been lifted.

Please also note:

- The documentation relating to the Fund can be viewed on our website, which is at [www.wayfunds.com](http://www.wayfunds.com). The "Funds" tab provides a link to each fund in our range, in alphabetical order;
- If you wish to complain about the decision to suspend the Fund, or if you have any queries or questions regarding the suspension, you can either write to us (at the address shown in the footer below), or call us on 01202 855856, or e-mail us at [customerservice@wayfunds.com](mailto:customerservice@wayfunds.com);
- If you require investment advice, we recommend that you contact your usual financial adviser, as WFM cannot provide you with investment advice.

Once again we offer our sincere apologies to all Shareholders for having to take this course of action at this time.

Yours faithfully,

**V N Hoare**  
**CEO**