



## *WAY Fund Managers Limited*

**Our Ref:**

**Date:** 4<sup>th</sup> April 2019

Dear Investor,

### **TERMINATION OF THE WAY ABSOLUTE RETURN PORTFOLIO FUND (“THE FUND”).**

It is with regret that we hereby give you formal notice of our intention to terminate (close) the Fund. The Fund and all dealings in its shares were suspended from today, 4<sup>th</sup> April 2019. WAY Fund Managers Limited (the “**ACD**”) and Northern Trust (the “**Depositary**”) have considered other options, including a merger with another fund offered by the ACD. However, due to the fact that the Fund has relatively large holdings of illiquid and less liquid assets, it was agreed that such an exercise was not appropriate in the circumstances. The termination process itself will commence following the receipt of approval from the Financial Conduct Authority (the “**FCA**”).

### **Reasons behind the decision to close the Fund**

The Fund has recently experienced significant outflows to the point where the Authorised Corporate Director (“the ACD”), WAY Fund Managers Limited, believes that it will cease to be commercially viable. The Fund also holds a number of assets that have become illiquid or less liquid, which are as follows:

- Ethika Sustainable Impact Fund – A collective investment scheme domiciled and regulated in Malta. As at 3<sup>rd</sup> April 2019, this asset accounted for 10.70% of the Fund’s net asset value;
- Carpe Valorem 7% Bonds 12/05/21 – The bond issue was much smaller than was originally expected and there is therefore no general market for the holding. It is expected to be fully redeemed no later than May 2021. As at 3<sup>rd</sup> April 2019, this asset accounted for 12.69% of the Fund’s net asset value;
- European Investment Grade Properties (“EIGP”) 6.5% Unsecured Bonds 31/03/2023 – Again the bond issue was significantly smaller than was originally intended and an internal dispute at EIGP itself has led to the asset becoming illiquid. As at 3<sup>rd</sup> April 2019, this asset accounted for 14.07% of the Fund’s net asset value.

Further large-scale redemptions of shares in the Fund could increase the aggregate concentration of those assets to levels which we, as the Fund’s ACD together with the Fund’s Depositary, Northern Trust, believe would not be appropriate. We believe that it is in the best interests of the remaining investors to take action and to move to terminate the Fund.



## What happens now?

We will be making an application to terminate the Fund to the FCA shortly. Following receipt of authorisation from the FCA, we would expect to make the first distribution of the Fund's capital within 30 days. We estimate that this will be on or around 31<sup>st</sup> May 2019, but may be sooner or later than that date.

We will work with the Fund's investment manager and the issuers of the aforementioned securities to liquidate the Fund's portfolio, including the illiquid and less liquid assets and it is our intention to make periodic distributions of capital as they become available.

We will advise you once the FCA's approval to terminate the Fund has been received and you will also receive written advice from us as distributions of capital are made.

## Your options

Subject to the receipt of approval to terminate the Fund from the FCA, You will have the following options available to you:

1. **A Cash Payment (the Default Option):** The amounts available to distribute will be paid to you in cash unless agreed otherwise. Proceeds will be paid by cheque, or directly to your bank account (if we hold such details for you).
2. **A reinvestment into any of the other funds operated by the ACD:** If you wish to reinvest the proceeds into any of the other funds offered by ACD, you may do so.

Further details regarding these options will be sent to you following receipt of FCA approval to terminate the Fund.

## Charges

For investments that you may have placed into the Fund after the 2<sup>nd</sup> February 2019, any net initial charge deducted by us from your investment will be refunded.

## The costs of termination

The costs associated with the termination will be met by us. Audit fees already accrued within the Fund to the date of termination will be used to offset the cost of auditing the final accounts of the Fund.

Please note that the closure of the Fund will constitute a disposal of your shares, which could give rise to a liability to capital gains tax for UK residents. Again, we recommend that you take advice from your financial adviser in this regard.

## Financial advice

Unfortunately we are unable to offer any financial advice concerning your investment and recommend you contact your usual financial adviser in the first instance.



Naturally it is our intention to conclude any actions required as quickly as possible and to ensure that all investors are treated fairly.

In the meantime, if you have any queries, we recommend that you contact your usual financial adviser in the first instance. Alternatively please call us on 01202 855856.

Yours faithfully

**V N Hoare**  
**For and on behalf of WAY Fund Managers Limited**