

WESLEYAN CASH FUND

MANAGER'S HALF-YEAR REPORT 2015

Manager's Report
February 2016

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Marc O'Sullivan, BSc, CFA
Fund Manager
Wesleyan Cash Fund

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*Collectively, these comprise the Manager's Report



C. W. Errington, CDir, FloD
Chairman
Wesleyan Unit Trust Managers



C. C. Ward, BSc, FIA
Chief Executive
Wesleyan Unit Trust Managers



**C. Bridge, BSc, FCIPD,
FloD, CDir**
Director
Wesleyan Unit Trust Managers

MANAGER'S REPORT

Fund Review

The price of units in the Wesleyan Cash Fund increased by 0.17% during the six-month period to 31 December 2015. Although modest in absolute terms, this compares favourably to the IA Short Term Money Market sector average return of 0.07%*. Wesleyan Cash Fund units held since the Fund launch date have seen an increase in value of 48.98%, which also compares well with the increase of 41.61% for the sector average*. The Fund continues to adopt a cautious stance with its cash deposits, placing them over a relatively short time horizon, but continuing to seek competitive returns.

Unfortunately for cash savers - there were no changes in the UK's short-term interest rate during the six-month period. The Bank of England's Monetary Policy Committee (MPC) maintained the key interest rate at the all-time-low level of 0.5%, while also maintaining the cumulative level of asset purchases (quantitative easing), used to help stimulate economic growth, at £375bn.

The economic backdrop in the UK continued to display gradual signs of improvement. Gross domestic product (GDP), led by the dominant services sector, has continued to show resilient growth. Average earnings inflation has also rebounded as the rate of unemployment fell to the lowest level in a decade. Inflation, as measured by the annual change in the Consumer Price Index (CPI), was muted in the period, ending the year at just 0.2%. The familiar combination of lower food prices and declines in fuel costs, caused by oversupply and concerns regarding economic growth in China, resulted in downward pressure on inflation. In the MPC's judgement; the inflationary environment in the period was sufficiently benign to offset the gentle improvements noted elsewhere in the economy. By contract, and demonstrating their belief in the US economic recovery, the US Federal Reserve raised their key interest rate in mid-December for the first time since 2006.

*Source: Financial Express

MANAGER'S REPORT (CONTINUED)

Fund Outlook

The outlook for the global economy, particularly China, has continued to dominate the financial agenda in early 2016. Adding an additional layer of uncertainty is the prospect of a UK referendum on its European Union (EU) membership. Unfortunately for cash savers, this combination is likely to deter the MPC from raising interest rates until they are confident that the UK economy and inflation expectations are robust enough to warrant a rate rise.

At the time of writing – market expectations, regarding the timing of a UK rate rise, have shifted from mid-2016 to 2017. Even if a string of positive data manages to increase the probability of a UK rate rise in 2016, it should be noted that subsequent increases are likely to be gradual and highly data dependent.

A handwritten signature in black ink, consisting of the initials 'C. C.' followed by a stylized, cursive flourish that loops back to the left.

Clive C. Ward, BSc, FIA

Chief Executive

Wesleyan Unit Trust Managers Limited

15 February 2016

The Manager's investment report, together with the information on the authorised status of the Fund, the objective and policy of the Fund and the information set out on page 16 comprise the Manager's report.

GENERAL INFORMATION

Income distribution

The net distribution for the period 1 July 2015 to 31 December 2015 amounts to 0.2471p per unit. As you own accumulation units, the income you would have received has been added to your capital account. If you hold units in an Individual Savings Account (ISA), an income tax credit will be reclaimed on your behalf and used to purchase additional units in the Fund.

Capital performance

During the period, 1 July 2015 to 31 December 2015, the value of units rose from 148.73p to 148.98p, an increase of 0.17%. This compares with an average increase of 0.07% in the IA Short Term Money Market sector*. Since launch, on 1 March 1999, the unit price has increased by 48.98% whilst comparative IA Short Term Money Market cash funds have returned an average increase of 41.61%*.

*Source: Financial Express, net income reinvested

GENERAL INFORMATION (CONTINUED)

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 (ISAs).

Fund facts

Interim/Annual Accounting dates	Payment dates
31 December	29 February
30 June	31 August

Ongoing Charge Figure* % as at 31/12/2015	Ongoing Charge Figure* % as at 30/06/2015
Nil	Nil

* The Ongoing Charge Figure takes into account the Manager's fee and any fixed expenses expressed as a percentage of the average daily net asset values over the period.

GENERAL INFORMATION (CONTINUED)

Performance details (unaudited)

Unit Price and Distribution record

Wesleyan Cash Fund units were initially offered at 100p on 1 March 1999.

Calendar year	Highest unit price (pence)	Lowest unit price (pence)	Distributions Credited	
			Net per unit (pence)	Net per £1,000 invested at launch (£)
2011	147.08	146.56	0.5347	5.35
2012	147.60	147.09	0.5178	5.18
2013	147.82	147.60	0.4479	4.48
2014	148.51	148.05	0.4579	4.58
2015	148.98	148.51	0.4787	4.79

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.

Net asset value record (unaudited)

Date	Net asset value (£)	Net asset value per unit (pence)	Mid-market price per unit (pence)	Number of units in issue
30/06/2011	3,611,275	146.80	146.80	2,460,000
30/06/2012	3,625,157	147.36	147.37	2,460,000
30/06/2013	3,636,326	147.82	147.82	2,460,000
30/06/2014	3,647,430	148.27	148.27	2,460,000
30/06/2015	3,539,762	148.73	148.73	2,380,000
31/12/2015	3,545,643	148.98	148.98	2,380,000

GENERAL INFORMATION (CONTINUED)

Taxation of unitholders – Income Tax

- ▶ Interest distributions by Wesleyan Cash Fund are made from its income, which consists mainly of interest received from Money Market Instruments less operating expenses and therefore will normally be made with an income tax credit at 20%.
- ▶ The only units currently issued are accumulation units and therefore the distribution will be transferred to the capital account of the Fund. The following notes set out further information for those who pay UK income tax.
- ▶ Where your units are owned within an Individual Savings Account (ISA), the income tax credit on the interest distribution will be recovered by the Manager and invested in further accumulation units on your behalf. No further tax is payable by you, the investor.
- ▶ Where the units are held as a direct investment in the Fund, the income tax credit on the interest distribution is not recoverable by the Manager:
 - a) non-taxpayers are not able to claim a refund of the tax credit from HM Revenue & Customs; and
 - b) basic rate taxpayers will suffer no further liability; but
 - c) higher rate or additional rate taxpayers have to account for any further tax payable.

Taxation of unitholders – Capital Gains Tax

- ▶ Capital Gains Tax can arise in the year in which a holding of units in the Fund is sold. However, where the units are held within an ISA, no Capital Gains Tax is payable. Where the units are not held through an ISA, you should disclose your gain on your tax return and you may be liable to Capital Gains Tax depending on your personal circumstances.

This information is based upon our current understanding of taxation legislation, which may change in future.

STATEMENT OF TOTAL RETURN (UNAUDITED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

	31/12/2015		31/12/2014	
	£	£	£	£
Income:				
Net capital (losses)/gains		-		-
Revenue	7,351		7,178	
Expenses*	-		-	
Net revenue before taxation	7,351		7,178	
Taxation	-		-	
Net revenue after taxation		7,351		7,178
Total return before distributions		7,351		7,178
Distributions		(7,351)		(7,177)
Change in net assets attributable to unitholders from investment activities		-		1

*The current rate of the periodic charge is set at 0.5%. The Manager may elect to waive the periodic charge and has done so for the period ended 31 December 2015. In addition, the Trustee related fees and other expenses, including the audit fee will be paid by the Manager.

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (UNAUDITED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

	31/12/2015		31/12/2014	
	£	£	£	£
Opening net assets attributable to unitholders		3,539,762		3,647,430
Movement due to sales and repurchases of units:				
Amounts receivable on issue of units	-		-	
Amounts payable on cancellation of units	-		-	
		-		-
Change in net assets attributable to unitholders from investment activities (see Statement of total return above)		-		1
Retained distribution on accumulation units		5,881		5,742
Closing net assets attributable to unitholders		3,545,643		3,653,173

PORTFOLIO OF INVESTMENTS (UNAUDITED)

AS AT 31 DECEMBER 2015

All investments are cash deposits except where otherwise stated.

Percentages in brackets show the equivalent sector distribution as at 30 June 2015.

Holding (£)	Investment	Value £	Percentage of total net assets %
Cash Deposits - 100.02% (100.03%)			
511,254	Clydesdale Bank 0.43% 12/1/16	511,254	14.42
609,303	Coventry Building Society 0.40% 13/1/16	609,303	17.19
563,011	Lloyds Banking Group 0.40% 12/1/16	563,011	15.88
563,610	Nationwide Building Society 0.39% 6/1/16	563,610	15.90
656,120	Royal Bank of Scotland 0.426% 4/1/16	656,120	18.50
642,953	Skipton Building Society 0.40% 8/1/16	642,953	18.13
Portfolio of investments		3,546,251	100.02
Net other liabilities		(608)	(0.02)
Net assets		3,545,643	100.00

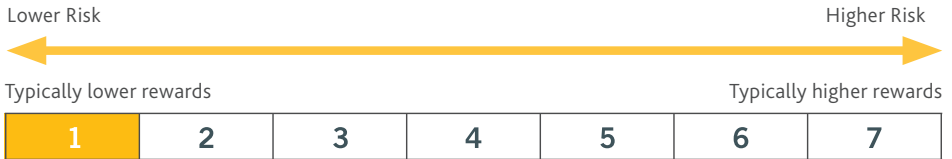
Fund Manager: Marc O'Sullivan, BSc, CFA

Risk profile

The main risks faced by Wesleyan Cash Fund arise from:

- ▶ interest rate risk, being the risk that interest rates could fall and growth is lower than expected;
- ▶ inflation risk, being the risk that inflation could reduce the value of your investment; and
- ▶ investment in derivatives carries the risk of loss and/or increased volatility in adverse conditions.

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.
- ▶ A fuller explanation of the risk and reward profile of the fund is contained in the fund's Key Investor Information Document (KIID).
- ▶ The Wesleyan Cash Fund has historically invested in certificates of deposit.

BALANCE SHEET (UNAUDITED)

AS AT 31 DECEMBER 2015

	31/12/2015		30/06/2015	
	£	£	£	£
Assets				
Investments		3,546,251		3,540,829
Current assets				
Debtors	518		90	
Cash and bank balances	329		205	
Total other assets		847		295
Total assets		3,547,098		3,541,124
Liabilities				
Creditors				
Other Creditors	(1,455)		(1,362)	
Total liabilities		(1,455)		(1,362)
Net assets attributable to unitholders		3,545,643		3,539,762

This report and the distribution table on page 15 were approved by the Directors of Wesleyan Unit Trust Managers Limited on 15 February 2016 and signed on their behalf by:

C.W. Errington



Chairman

C.C. Ward



Chief Executive

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

Accounting policies

The interim financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in accordance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (formerly the Investment Management Association) in May 2014. Previously the requirements for the Statement of Recommended Practice (SORP) issued by the Investment Association in October 2010 had been applied.

The impact is minimal for an interim reporting period and limited to some presentational amendments to the Statement of Total Return, Statement of Change in Net Assets Attributable to Unitholders and the Balance Sheet. The presentational amendments had no impact on the total return or net assets in either the current or preceding year. The full disclosures under the new SORP guidelines will first be presented for the annual financial statements prepared for the year to 30 June 2016. Unless otherwise stated all other accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2015 and are detailed in full in those financial statements.

The investments of the Fund have been valued at bid-value at midday on the 31 December 2015, net of any accrued interest which is included in the balance sheet as a revenue-related item and is in accordance with the recommendations contained in the Statement of Recommended Practice for Authorised Funds issued by the Investment Association. The fund invests in short term deposits which receive interest that is capitalised at maturity and then the total amount is reinvested.

DISTRIBUTION STATEMENT

(UNAUDITED)

Distributions capitalised

Wesleyan Cash Fund currently only issues accumulation units and therefore all amounts distributed are transferred to the capital account without issue of further units. Reference should be made to the Taxation of Unitholders section of this Report as regards the tax treatment of investors subject to UK tax.

Equalisation

Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of income included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

Under the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook (the "COLL"), the manager is permitted to cease making equalisation payments; with effect from 1 January 2002, the manager ceased to make equalisation payments.

Accumulation no. 33

Group 1: units purchased prior to 1 July 2015

Group 2: units purchased on or after 1 July 2015

Distribution table

Group	Gross Income (pence)	Income Tax at 20% (pence)	Net Accumulation (pence)	Amount payable 29/02/2016 Accumulation (pence)	Amount paid 28/02/2015 Accumulation (pence)
Group 1	0.3089	0.0618	0.2471	0.2471	0.2334
Group 2	0.3089	0.0618	0.2471	0.2471	0.2334

The total distribution, net of tax, amounts to 0.2471p per unit (31 December 2014: 0.2334p).

MANAGER AND ADVISERS

Manager:	Wesleyan Unit Trust Managers Limited Colmore Circus Birmingham B4 6AR
Directors:	C.W. Errington, C Dir, FloD (Chairman) C. Bridge, BSc, FCIPD, FloD, CDir C.C. Ward, BSc, FIA (Chief Executive) S.J.Porter, Dip IoD (Resigned 31 July 2015)
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 Atria One 144 Morrison Street Edinburgh EH3 8EX
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 Conduct Authority.

If you would like this document in Braille, audio or large print, please contact 0345 351 2352.

Wesleyan Unit Trust Managers Limited

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WI-REP-8-02/16

