

# WESLEYAN CASH FUND

MANAGER'S HALF-YEAR  
SHORT REPORT 2015

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*Manager's Report*  
*February 2016*

# MANAGER'S REPORT

## Fund Review

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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

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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, appearing to read 'C. C. Ward', with a large, sweeping flourish extending from the end of the signature.

**Clive C. Ward, BSc, FIA**

Chief Executive

Wesleyan Unit Trust Managers Limited

15 February 2016

## Fund and benchmark performance

	01/03/1999	30/06/2015	31/12/2015	Change	
				Last 6 months	Since launch
Cash Fund Unit Price	100.00p	148.73p	148.98p	0.17%	48.98%
IA Short Term Money Market Average*	-	-	-	0.07%	41.61%

\*Source: Financial Express

## Performance record

Date	Net Asset Value per unit (pence)	Change over period
30/06/2011	146.80	0.35%
30/06/2012	147.36	0.38%
30/06/2013	147.82	0.31%
30/06/2014	148.27	0.30%
30/06/2015	148.73	0.31%
31/12/2015	148.98	0.17%

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	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.

## Accumulation summary

Unit type	Total Distribution (pence) for the period to 31/12/2015	Total Distribution (pence) for the period ended 31/12/2014
Accumulation	0.2471	0.2334

## 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).

## 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.

## Portfolio of investments

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 %
<b>Cash Deposits - 100.02% (100.03%)</b>			
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
<b>Portfolio of investments</b>		<b>3,546,251</b>	<b>100.02</b>
<b>Net other liabilities</b>		<b>(608)</b>	<b>(0.02)</b>
<b>Net assets</b>		<b>3,545,643</b>	<b>100.00</b>

**Fund Manager:** Marc 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 0345 351 2352 or via our website [www.wesleyan.co.uk](http://www.wesleyan.co.uk).

## Manager and Advisers

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<b>Manager:</b>	Wesleyan Unit Trust Managers Limited Colmore Circus Birmingham B4 6AR
<b>Directors:</b>	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)
<b>Trustee:</b>	HSBC Bank plc 8 Canada Square London E14 5HQ
<b>Registrar:</b>	International Financial Data Services Limited PO Box 9033 Chelmsford CM99 2WQ
<b>Independent Auditors:</b>	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX
<b>Legal Advisers to the Manager:</b>	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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