

Managed Portfolios from OBSR

The Risk Based Advice Process

The SMARTfund Managed Portfolios from OBSR have been designed to help ensure that your client's investments are appropriate for their risk appetite. Each stage of the process is outsourced to recognised experts in their field, enabling you to focus on managing the client relationship and better understanding their investment objectives. SMARTfunds are Authorised Unit Trusts delivered using SMA Technology.

The key steps in the process are:

1. Your client completes a risk profiling questionnaire

You use your normal process to risk profile your client. The SMARTfunds are currently calibrated to FinaMetrica's risk profile tool, and can be calibrated with other questionnaires as required.

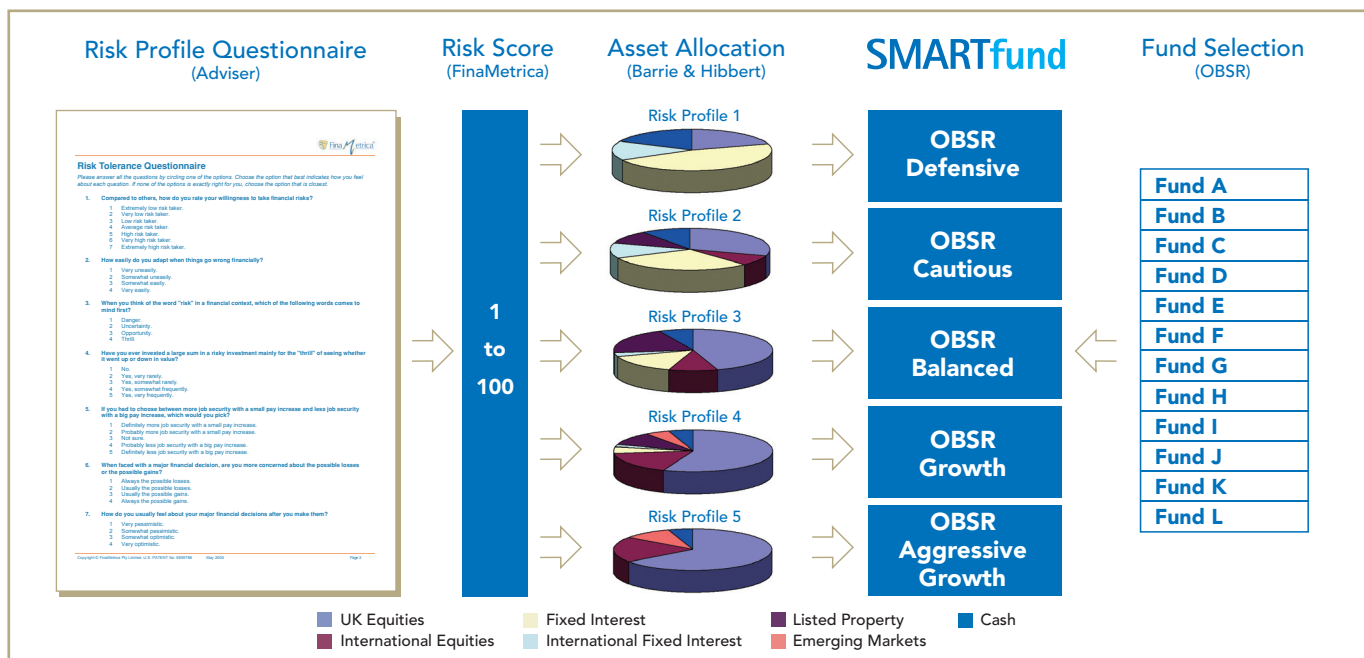
2. Each risk profile corresponds with a specific asset allocation

The SMARTfunds are managed to a consistent risk profile. After Barrie & Hibbert have determined the strategic asset allocation, OBSR provides tactical overlay.

3. OBSR design a model portfolio to match each asset allocation

Each SMARTfund Portfolio is made up of a range of collectives which have been carefully selected through OBSR's investment research process and which match the strategic and tactical allocations for each risk profile. The portfolio is then rebalanced and updated within the unit trust wrapper

Once you have ascertained the risk profile of your client, an investment portfolio created by Barrie & Hibbert and OBSR can be matched to suit your client on an ongoing basis.



This range of risk profiled multi-manager funds offers:

- the ability to easily match a fund with a client's appetite for risk
- access to OBSR's extensive experience in developing model portfolios
- access to Barrie & Hibbert's rigorous asset allocation techniques
- tax-efficient rebalancing of risk profiled managed portfolios

	Principal Investment Objective	Indicative number of funds	Minimum Investment	AMC
SMARTfund Defensive OBSR	To generate returns through capital growth and income with lower risk of capital loss	10-15	£3,000	1.0% plus CAR*
SMARTfund Cautious OBSR	To provide relatively stable returns over the medium term with the potential for some long-term capital growth	10-15	£3,000	1.0% plus CAR*
SMARTfund Balanced OBSR	To provide a balance of income and capital growth over the medium to long term.	10-15	£3,000	1.0% plus CAR*
SMARTfund Growth OBSR	To provide long term capital growth with less fluctuations of returns than 'high growth' investment options.	10-15	£3,000	1.0% plus CAR*
SMARTfund Aggressive Growth OBSR	To provide long term capital growth by investing in growth assets.	10-15	£3,000	1.0% plus CAR*

*Customer Agreed Remuneration

What is different about these multi-manager funds?

These funds benefit from the unique SMARTfund approach and incorporate the benefits of Separately Managed Account technology with an Authorised Unit Trust structure. By bringing together both fund and platform in the one solution you are able to provide your client with a cost-efficient and transparent fund via an online investment platform.

In particular, you and your clients will:

- ◆ Be able to see inside each SMARTfund to view the underlying managed funds and other assets which determine the value of their investment
- ◆ Have 24/7 access to an online platform which provides daily valuation, performance and transaction reporting on their investment
- ◆ Benefit from OBSR's professional adjustments to the model portfolios underlying each SMARTfund without incurring capital gains tax events
- ◆ Be able to agree a personalised level of remuneration to be reflected in the total AMC and paid by the Manager to the Adviser

Transparent Reporting

Typically multi-manager funds are very opaque and provide an uninspiring investment experience. Usually statements include one line for the multi-manager fund, providing the Adviser and Investor with no understanding of the underlying investments or how these have changed over time.

SMARTfunds are different; providing a much richer investment experience and more client engagement opportunities for the Adviser, SMARTfunds enable the Adviser and Investor to see the funds underlying each of the multi-manager funds. Rather than one line on a statement, the client's investment looks and feels like a complete personal investment portfolio. As with a personal portfolio, performance and valuations are seen at an individual asset level as well as for the portfolio as a whole.

As well as the view of the current holdings, the platform also provides a full view of the transaction history so that you are better able to follow the investment decisions made.

Online Platform

The SMARTfund comes with an online platform, which is used for initial applications, investment transactions and ongoing reporting. Advisers and their clients are able to view investments by logging into the SMARTfund online platform via www.smartfund.co.uk. Alternatively, a seamless log-in can be provided from your own website.

A comprehensive range of reports are available on the SMARTfund platform including daily valuations and a full transaction history. Performance can be analysed over any specified period over which the investment has been held and can also be compared to a variety of benchmarks. Other reports that are available include Income, Holding Performance and Realised and Unrealised Capital Gains.

Treating Customers Fairly

Assisting you in meeting your TCF obligations, risk profiled multi-manager funds can help you design a consistent advice process that takes into account the risk appetite of each client.

As Authorised Unit Trusts, the structure of these risk profiled managed portfolios provides two distinct advantages:

- Changes to the investment model are made within the SMARTfund by OBSR as the Adviser to the fund. Adjustments to the portfolio of investments within the SMARTfund do not require signed authorisation from the Investor.
- Within each SMARTfund, capital gains are not subject to tax when the underlying investments of each model are adjusted by OBSR.

Customer Agreed Remuneration (CAR)

One of the key aspects of the Financial Service Authority's Retail Distribution Review is the preference for the introduction of CAR in the pricing structure of Investment Products. SMARTfunds provide a unique pricing flexibility; Advisers are empowered to agree their own remuneration with each client, which is then reflected in the Annual Management Charge (AMC) of each SMARTfund for that client. As usual the AMC is charged to the fund and reported on, through the platform, to the Adviser and each individual client. However, the Manager pays amounts equal to the agreed CAR to the Adviser at the end of each month.

Of course, if the Adviser accepts an annual fee directly from the client then he is able to set a CAR level to 0% such that the AMC of the SMARTfund for that client will simply be the base charge of 1%.

Unique Unit Pricing Approach

The unique SMA technology is used to ensure that each Investor has their own unique unit, with its own proportion account showing the securities and other investments used to determine the value of their investment in the SMARTfund.

The proportion accounts allow the Investor to see exactly what OBSR selected funds and other securities are reflected in the value of their investment in the relevant SMARTfund and how the values change daily. The Investor and their Adviser can access this information at any time by logging into their account.

FinaMetrica

The FinaMetrica risk profiling system is a scientifically validated tool for assessing clients' personal financial risk tolerance. High end financial planners in 12 countries use it to accurately and psychometrically assess their clients' risk tolerance.

The 25-question, web-based risk questionnaire can be completed on-line or in hard copy in around 15 minutes. The risk profile report provides an information rich, qualitative and quantitative assessment of an individual's financial risk tolerance. Both questionnaire and report are in plain English. In addition FinaMetrica provides a robust and defensible methodology that enables a client's risk tolerance to be linked to the parameters of portfolio construction.

www.finametrica.com/praemium



Within each of the SMARTfunds, asset allocation is done at two levels to benefit the client.

Step 1 - Strategic Asset Allocation

Firstly asset allocation is done at a strategic level, based on the client's appetite for risk, by Barrie & Hibbert, specialists in matching strategic long term asset allocation to different risk profiles. This first step in asset allocation ensures that the SMARTfund portfolio's risk and return profile, over the long term, matches the particular appetite for risk and expectations – a key consideration in Treating Customers Fairly.

Step 2 - Tactical Overlay

In order to enhance returns over the long term, once the strategic asset allocation has been determined, OBSR provides a tactical overlay to the strategic asset allocation. This enables the OBSR Managed Portfolios to take advantage of shorter term shifts and trends in the market, which can enhance portfolio returns.

For example, in the credit markets, at certain times, investment grade fixed income securities become highly attractive. When this is the case, OBSR would look to enhance returns by specifically emphasising this area through the tactical overlay. This tactical asset allocation will be focused on shorter term opportunities, but will not alter the risk profile of the portfolio, as determined by the long term strategic asset allocation.

This two step approach to asset allocation enables OBSR to enhance returns, whilst maintaining the appropriate risk profiles in the portfolio, over time.

The asset allocation can be matched to your clients risk profile and also benefits from shorter term market trends.

Fund research and selection by OBSR

OBSR is an independently owned investment research business with an excellent reputation for fund research and selection, going back almost 10 years.

Returns can be further enhanced by selecting the most appropriate funds to populate the asset allocation. For example, within UK equities, the market may be rewarding medium to smaller size companies over large companies. In this case the UK equities part of a portfolio would be structured to take advantage of this by investing in funds which have a small to mid cap bias.

OBSR's rigorous and disciplined research and selection process, which has been developed over the years, is used in the SMARTfunds to ensure that, at all times, the funds which are held in the portfolios are, in OBSR's view, the most appropriate, given the intended risk and return profile of the SMARTfunds and the current market trends.

In a nutshell, these Managed Portfolios from OBSR are intended to provide clients with the opportunity for an investment which matches their appetite for risk, while enhancing returns through tactical asset allocation and the selection of the most appropriate funds.



To find out more about the Managed Portfolios from OBSR or how to invest, please contact us at:

Tel: 0844 801 0700 • Email: enquiries@praemium.com • Web: www.smartfund.co.uk

The information provided above is for Professional Advisers only and should not be relied upon by retail investors: The value of your investment might fall as well as rise. Any investment must be made in conjunction with reading the Key Features Document. The Managed Portfolios from OBSR are sub-funds within the SMARTfund Advantage Umbrella. The Fund Manager of the SMARTfund Advantage is SMARTfund Administration Ltd (Company Number 06016828). SMARTfund Administration Ltd is registered in England and Wales and is wholly owned by Præmium Portfolio Services Ltd (Company Number 05362168). The registered address of SMARTfund Administration Ltd is 6 Broad Street Place, London, EC2M 7JH. SMARTfund Administration Ltd is authorised and regulated by the Financial Services Authority under reference 463566. See www.fsa.gov.uk/register for more details.