



SMARTfund Balanced OBSR

Short Form Report

Period 03 November 2008 to 03 November 2009

INVESTMENT OBJECTIVE

To provide a balance of income and capital growth over the medium to long term.

INVESTMENT POLICY

To achieve its investment objectives, the fund will invest in a diversified portfolio of funds and other permitted investments that have a similarly diversified character.

The portfolio will be comprised predominantly of Cash, Fixed Interest Securities, Equities and Property funds. The allocation of the portfolio will be approximately balanced between, on the one hand, funds investing in growth assets, such as shares and property, to provide the potential for capital growth and, on the other, funds investing in defensive assets such as fixed interest securities and cash.

RISK PROFILE

This fund's risk profile is medium.

MARKET & FUND REVIEW (PROVIDED BY OBSR)

Over the last 12 months, the key performance drivers for the balanced fund remained the corporate bond and property exposure. The selected corporate bond funds were a mix of cash-rich strategic funds which were capable of purchasing very cheap corporate securities when the fund was first launched and funds which had been buying into the prior weakness and that were expected to benefit as bond pricing recovered. Pleasingly, the funds in aggregate did indeed deliver as expected, comfortably outperforming the peer group and their underlying benchmarks. On a tactical basis, a very underweight position was taken in property at the start of the fund's life but this was gradually addressed as 2009 progressed and by the 3rd quarter the fund's weighting was in line with the strategic property allocation. It should be noted that the allocation is fully invested in bricks and mortar property funds reflecting the underlying strategic allocation, where the reference benchmark is the IPD UK Property Index.

The equity weighting stayed in line with the strategic allocation from day one both in terms of the total allocation and the regional split and our effort was focused upon building all-weather portfolios, which could be opportunistic given the value that had emerged in equity markets but were robust enough to withstand further downside pressure. In the UK, we chose a balance between a core and very blue chip defensive fund in the form of the Invesco Income Fund and the more opportunistic BlackRock UK Dynamic and Rensburg UK Select Growth funds. The weightings to these funds were adjusted through the first 12 months with the Invesco Income Fund being continuously reduced in favour of the other UK funds.

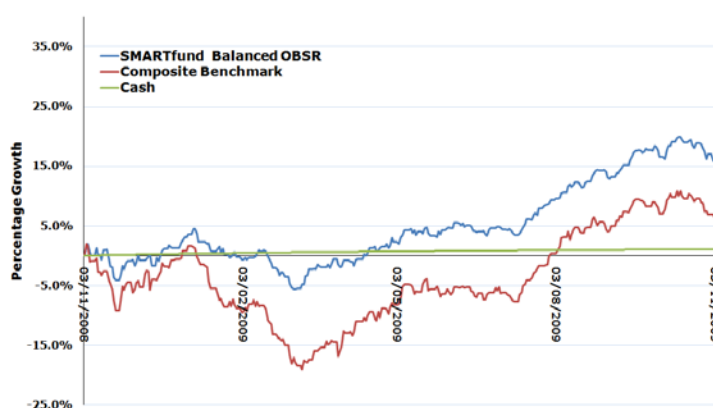
In the US, we again tried to balance risk with opportunity, favouring the Threadneedle American Fund as a core holding but embellishing this with exposure to both Schroder US Mid Cap and the M&G American Fund. This decision was beneficial as all of the aforementioned actually beat their dedicated benchmarks over the last 12 months. In Europe, where the strategic allocation is relatively light compared to recognised global benchmarks, we have concentrated our efforts in the core Cazenove European Fund. It marginally lagged the benchmark over 12 months which is unsurprising given that the manager remains sceptical about the duration of the recovery. Without doubt, the sell-off in Japanese equities had been one of the most savage and many stocks were trading on multiples not seen in decades. Fortunately our selection in Japan, in the

form of Schroders Tokyo, took advantage of these opportunities and outperformed the peer group and the relevant indexes. The emerging markets exposure has been a mixed affair. The single-region fund in the form of Investec Asia Equity Fund, performed well and is ahead of the peer group and relevant benchmarks over the review period. The only real disappointment has been the broader Global Emerging Funds, where both First State and, to a far greater degree, Gartmore lagged due to their defensive positioning. We have been carefully monitoring both funds and remain content that they are well positioned for the less momentum-orientated markets which we anticipate in 2010.

ASSET ALLOCATION REVIEW (PROVIDED BY BARRIE & HIBBERT)

There is no cash exposure within the Balanced SMARTfund asset allocation. 47% of the strategic allocation is made of investment grade corporate bonds, 15% property and the remaining 38% in a globally diversified equity portfolio. The limited exposure to non-developed country equities (emerging markets) reflects a typical balanced retail investor with a 5-10 year view and an annual volatility target of approximately 9-10%.

PERFORMANCE REVIEW



Annual Percentage Growth - 03.11.2009

SMARTfund Balanced OBSR	Composite Benchmark	Cash
16.3%	6.2%	1.1%

PAST PERFORMANCE SHOULD NOT BE SEEN AS A GUIDE TO FUTURE PERFORMANCE

The performance figures above are based on a notional unit issued on the date of inception of the sub-fund, with an initial capital value the same as the minimum investment amount for that fund. The notional unit is based on the AMC including zero (0%) Adviser Charging and therefore reflects performance after all other expenses that would be included in the TER. The red benchmark is a composite of the following ETFs: LYXOR F ALL LYXOR ETF FTSE ALL SHARE (representing UK Equity), iShares S&P 500 (representing US Equity), iShares MSCI Europe ex-UK (representing European Equity), iShares MSCI JAPAN (representing Japan Equity), iShares MSCI Emerging Market (representing Emerging Market Equity) and iShares MSCI Pacific ex-Japan Idx (representing Asia ex Japan Equity). Each of these ETFs has been selected to represent an average market sector performance of an asset class included in the long term strategic asset allocation used to achieve the risk weighting of the fund. The percentage of the composite formed by each ETF is the same as that of the relevant asset class within that strategic asset allocation. The green benchmark represents the performance of cash based on the British Bankers Association - LIBOR 12 Month GBP rate. All data has been obtained from the Telekurs data exchange.

*Performance data does not exist before the 03 Nov 2008 as the fund had not launched.

There are no comparative figures for the period as this is the first annual accounting period of the scheme

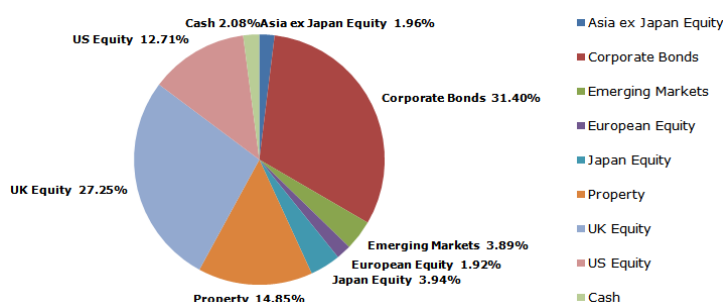
THE VALUE OF INVESTMENTS CAN FALL AS WELL AS RISE – YOU MAY GET BACK LESS THAN YOU PAY IN

SMARTfund Administration Ltd (6016828) is registered in England at 6 Broad Street Place, EC2M 7JH and is authorised and regulated by the Financial Services Authority under ref. 463566. Reference in this document to specific securities should not be construed as a recommendation to buy or sell these securities, but is included for the purposes of illustration only. Investors should also note that the views expressed may no longer be current and may have already been acted upon by the Investment Adviser and/or Manager. The investment service may not be suitable for all Investors and if you have any doubts you should contact your Financial Adviser. The full prospectus for this fund is available on request or at www.smartfund.co.uk. ph: 0844 801 0700

TOP 10 SECURITIES (AS AT 03 NOVEMBER 2009)

Security	%
BlackRock UK Dynamic Fund	14.78
Invesco Perpetual Corporate Bond Fund	13.59
Henderson Strategic Bond Fund	11.87
M&G Property Portfolio	8.85
Threadneedle UK Property Trust	6.00
Standard Life AAA Income Fund	5.94
Threadneedle American Fund	5.84
AXA Framlington UK Select Opportunities Fund	5.69
Schroders Tokyo Fund	3.94
Schroder US Mid Cap Fund	3.93

ASSET ALLOCATION (AS AT 03 NOVEMBER 2009)



TOTAL EXPENSE RATIO (TER)

03.11.2009

Total expense ratio 1.88%

The TER reflects the annual operating expenses of the SMARTfund to the average daily net asset value of each sub-fund. This does not include any Adviser Charging which is specific to each individual unitholder.

Adviser Charging: the amount of remuneration that the Investor agrees with their Adviser that the Manager will pay the Adviser for services provided.

NOTIONAL UNITS

You should be aware that units for SMARTfund operate very differently to a conventional unit trust. Units in the SMARTfund Advantage are created and priced uniquely for each unit holder. For further information on how the unit price is calculated, you should refer to the Prospectus. If you have already invested in the SMARTfund you should login to check your own current and historic prices.

The figures below are based on a notional unit issued on the date of inception for the fund, with an initial capital value the same as the minimum investment amount for the fund, i.e. £3,000.00.

Notional Unit Price and Income

	Highest Price	Lowest Price	Net Income
SMARTfund Balanced OBSR	£3,596.02	£2,831.50	£36.13

Net Asset Value for Notional Unit

	03.11.2008	03.11.2009
SMARTfund Balanced OBSR	£3,000.00	£3,489.12

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Distribution Statement for Notional Unit

Distribution Payment Dates	Distribution Amount (£)
November 2008	1.84
December 2008	5.01
January 2009	9.77
March 2009	2.59
May 2009	0.59
June 2009	1.14
July 2009	2.88
August 2009	2.00
September 2009	1.97
October 2009	8.34

The sub-funds accrue distributions on a daily basis and pay any income available to the unitholder on a monthly basis, three and a half months in arrears. All distributions are paid net of income tax.

SUB-FUND DETAILS

Fund Manager	SMARTfund Administration Ltd 6 Broad Street Place London, EC2M 7JH
Investment Adviser	OBSR Advisory Services Ltd Scandinavian House 2 Cannon Street London, EC4M 6QQ
Trustee/Depository	HSBC 8 Canada Square Canary Wharf London, E14 5HQ
Auditor	BDO LLP 55 Baker Street London, W1U 7EU
Investment Adviser Start Date	03 November 2008
Fund Launch Date	03 November 2008
Fund Accounting Date - Final	03 November 2009
Fund Currency	GBP
Fund Sector	Unclassified
Fund Type	Authorised Unit Trust
Distribution Policy	Monthly

OTHER INFORMATION

The information included in this document is designed to enable Investors to make an informed judgement on the activities of the fund during the stated period and the results of those activities at the end of the period. More information regarding these activities and performance of this fund over this period can be obtained from the Manager. The Long Report is available on request from the Manager.



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