



SMARTfund Defensive OBSR

Short Report

Period 04 November 2009 to 03 November 2010

INVESTMENT OBJECTIVE

To generate returns through capital growth and income with lower risk of capital loss.

INVESTMENT POLICY

To achieve its investment objective, 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 and Fixed Interest Securities funds but will include some funds that have exposure to equities and property.

RISK PROFILE

This fund's risk profile is low.

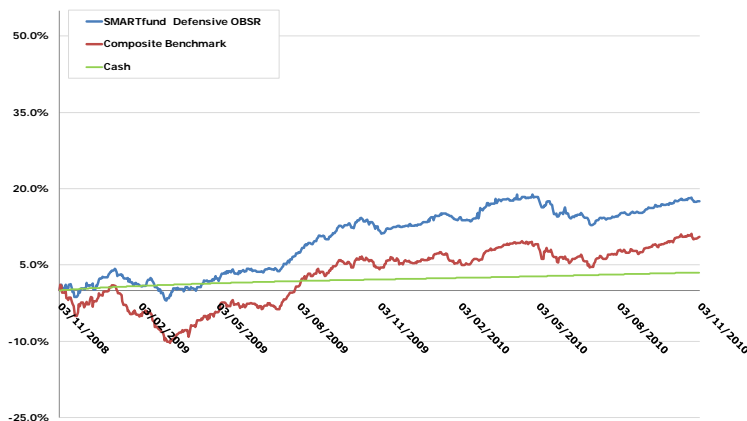
MARKET & FUND REVIEW (PROVIDED BY OBSR)

It has been a positive period for risk assets with equities leading the charge. Corporate bonds and direct property also recorded double-digit gains over the 12 month period under review. With cash still yielding nothing in real terms it remains difficult to justify a significant weighting and the portfolio maintains an overweight position in credit and an allocation to two low volatility absolute return funds. The absolute return funds were beneficial to overall returns, posting modest single digit gains while the overweight credit position also added incrementally.

Investment grade credit, which represents the largest single exposure in the portfolio, has seen dramatic returns in the last 12 months, following on from the significant gains posted in 2009. The opportunity set in credit has clearly diminished as nominal yields declined to very low levels and the spread versus government bonds continued to decline. Indeed in the fourth quarter of 2010, credit suffered a sharp reversal as nominal yields rather than the spread against sovereign bonds began to rise. With corporate balance sheets in such robust health there is little reason to anticipate a serious setback for the asset class but the best is past and yield type outcomes are now to be expected. The commercial property sector saw further capital gains in the first six months of the review period. However, this appreciation began to fade as prime property yields returned to their previous lows and secondary property in aggregate failed to see any further yield compression. The bulk of property managers expect to see yield type returns moving forward with only limited potential for secondary property to make any capital gains. Equities made a strong showing in the final quarter of 2010 with the modest allocation to the US and emerging markets being particularly beneficial over the quarter.

PERFORMANCE REVIEW

03.11.2008 to 03.11.2010



Performance Table

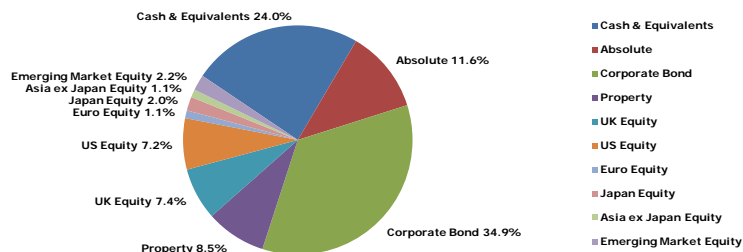
	Defensive Strategy	Composite Benchmark	Cash
04.11.2009 to 03.11.2010	5.2%	5.7%	1.4%
03.11.2008 to 03.11.2010	17.6%	10.5%	3.5%

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 ETFs. Each ETF 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.

ASSET ALLOCATION

03.11.2010*



*Calculated as a percentage of total value of investments

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. Tel: 0844 801 0700

TOP 10 SECURITIES

	03.11.2010
Security	%*
Fidelity MoneyBuilder Income	14.09
Fidelity Cash Fund	11.38
M&G Strategic Corporate Bond	11.30
Invesco Perpetual Corporate Bond	9.47
Legal & General Cash Trust	9.44
BlackRock UK Absolute Alpha	5.89
Insight Absolute UK Equity Market Neutral	5.71
M&G Property Portfolio	4.72
BlackRock UK Dynamic Fund	4.18
Threadneedle American Fund	4.16

	03.11.2009
Security	%*
Fidelity MoneyBuilder	14.75
Invesco Perpetual Corporate Bond	14.48
Fidelity Cash Fund	11.83
Standard Life AAA Income Fund	10.85
L&G Cash Trust	9.86
Henderson Strategic Bond	7.89
M&G Property Portfolio	4.90
Blackrock UK Dynamic Fund	4.25
Threadneedle UK Property Trust	3.98
Threadneedle American Fund	3.88

*Calculated as a percentage of Net Asset Value

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/Depositary	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 2010
Fund Currency	GBP
Fund Sector	Unclassified
Fund Type	Authorised Unit Trust
Distribution Policy	Monthly

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

	Highest Price	Lowest Price
04.11.2009 to 03.11.2010	£3,566.19	£3,334.23
03.11.2008 to 03.11.2010	£3,566.19	£2,938.63

Net Asset Value for Notional Unit

	03.11.2010	03.11.2009
	£3,526.05	£3,355.16

Distribution Statement for Notional Unit

Distribution Payment Dates	Distribution Amount (£)
25 February 2010	24.07
12 May 2010	21.93
15 June 2010	1.18
20 July 2010	2.16
24 August 2010	9.33
21 September 2010	11.64
15 October 2010	1.70
17 January 2011	8.68
Net Income	80.69

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

TOTAL EXPENSE RATIO (TER)

	03.11.2010
Annualised TER	1.22%
Annualised Synthetic TER	1.87%

The Annualised TER reflects the annual operating expenses of the SMARTfund to the average daily net asset value of each sub-fund. The Annualised Synthetic TER incorporates the TERs of the underlying funds held within each sub-fund. These figures have been calculated on the basis of an AMC for the SMARTfund which does not include any Adviser Charging. Adviser Charging is specific to each individual unitholder and is included as a component within the AMC for that unit holder.

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

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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