SMARTfund Growth OBSR

Short Form Report

Period 03 November 2008 to 03 November 2009

SMARTfund Growth OBSR

Investment Objective

To provide long term capital growth with less fluctuation of returns than "high growth" investment options.

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 investments will be selected to achieve a mix of growth and defensive assets. A greater proportion of the portfolio will be allocated to funds investing in growth assets, such as shares and property and infrastructure securities, to provide the potential for capital growth than to funds investing in defensive assets such as fixed interest and cash.

Risk Profile

This fund's risk profile is medium to high.

Market & Fund Review *(provided by OBSR)*

The dominant performance driver for the fund over the review period was the strong rally in equities witnessed since the March 2009 lows. 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 funds and by the summer of 2009 being replaced by the AXA Framlington UK Select Opportunities Fund.

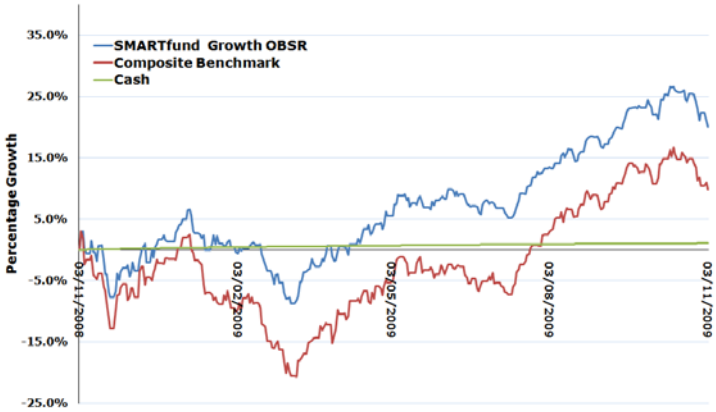
In the US, we again tried to balance risk with opportunity, favouring the Threadneedle American Fund as a core holding but embellishing this with exposure to both Schroder US Mid Cap and AXA Framlington American Growth fund. This decision was beneficial as all of the aforementioned actually beat their 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 and the Jupiter European Special Situations Fund. The Cazenove vehicle marginally lagged the benchmark over 12 months which is unsurprising given that the manager remains sceptical about the duration of the recovery. However, the Jupiter Fund stayed well ahead having performed very well into the market low in March 2009. 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. Our selection in Japan in the form of Invesco Perpetual Japan 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 funds have generally performed well and are ahead of relevant benchmarks. 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 less momentum-orientated markets which we anticipate in 2010.

The strategic allocation to corporate bonds is in excess of 20% and here the fund was heavily focused upon the purest strategic funds that were able to take full advantage of the opportunities that arose. All of the featured funds comfortably outperformed the peer group and relevant benchmarks.

Asset Allocation Review *(provided by Barrie & Hibbert)*

The strategic asset allocation for the Growth portfolio contains 76% property and equity based assets, the remaining 24% allocated to investment grade corporate bonds. Within the equity part of the portfolio, the exposure to overseas equities relative to UK is slightly higher, reflecting the fact that Growth investors are willing to accept somewhat higher risk to seek additional return over the longer-term. In particular, the Emerging Market equity component of the equity allocation is now somewhat higher at 8%. The target volatility target is approximately 13%.

Performance Review



Annual Percentage Growth - 03.11.2009

SMARTfund Growth OBSR	Composite Benchmark	Cash
20.1%	9.8%	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

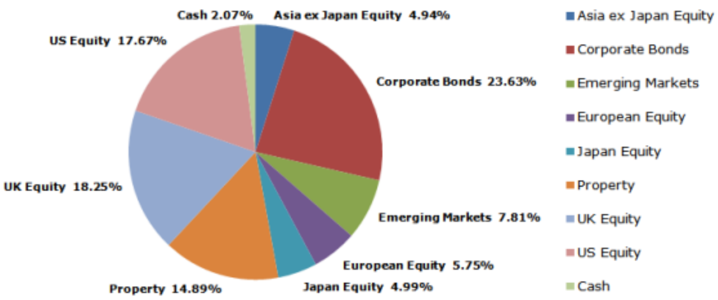
THE VALUE OF INVESTMENTS CAN FALL AS WELL AS RISE – YOU MAY GET BACK LESS THAN YOU PAY IN

SMARTfund Growth OBSR

Top 10 Securities *(as at 03 November 2009)*

Security	%
Invesco Perpetual Corporate Bond Fund	9.77
M&G Property Portfolio	8.87
Standard Life AAA Income Fund	7.90
Blackrock UK Dynamic Fund	7.63
Threadneedle American Fund	6.85
Invesco Perpetual UK 2 Income Fund	6.28
Threadneedle UK Property Trust	6.02
Henderson Strategic Bond Fund	5.96
Schroder US Mid Cap Fund	5.91
Invesco Perpetual Japan Fund	4.99

Asset Allocation *(as at 03 November 2009)*



Total Expense Ratio *(TER)*

	03.11.2009
Total expense ratio	2.04%

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 Growth OBSR	£3,798.50	£2,738.04	£49.34

Net Asset Value for Notional Unit

	03.11.2008	03.11.2009
SMARTfund Growth OBSR	£3,000.00	£3,603.10

Distribution Statement for Notional Unit

Distribution Payment Dates	Distribution Amount (£)
November 2008	10.19
December 2008	0.40
January 2009	5.56
February 2009	3.24
April 2009	1.96
May 2009	1.91
June 2009	0.04
July 2009	2.56
August 2009	1.27
September 2009	0.57
October 2009	21.64

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/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 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.

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

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