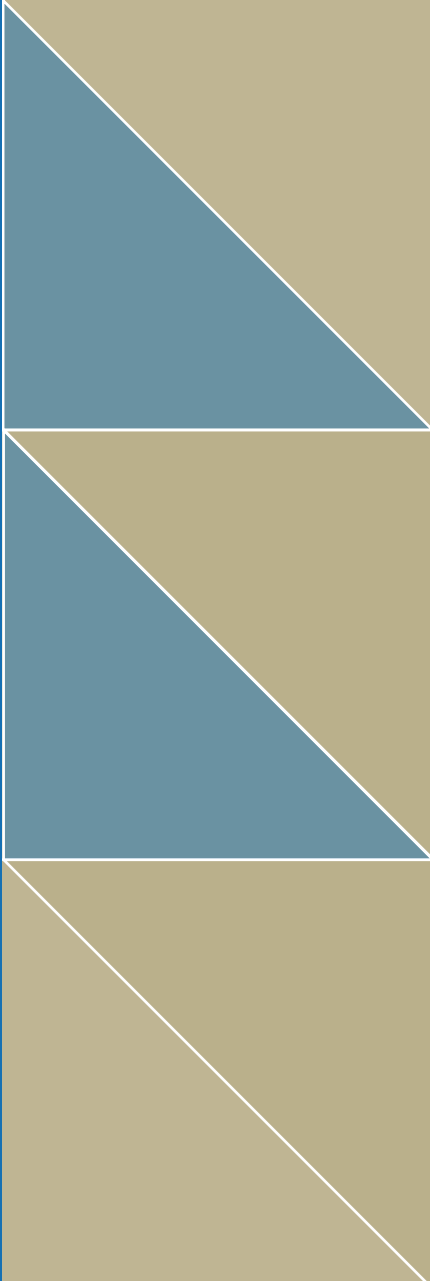




SMARTfund Growth OBSR

Short Report

Report for six months ended 03 May 2010



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)

UK corporate bonds have seen a further period of strength over the quarter, with the bond selections keeping pace with the broader peer group and recognised benchmarks. We are still inclined to believe that the best is past for an improvement in corporate bond pricing and that we will be relying more upon the security selection skills of the underlying managers as distinct from a broad narrowing of yield spreads by the entire market. The IPD UK All Property Index appreciated further over the quarter and this move has again been problematic for our selected managers who carry liquidity buffers and are receiving strong new cashflows. As we move from a liquidity driven to fundamentally driven market we expect both property portfolios to outperform.

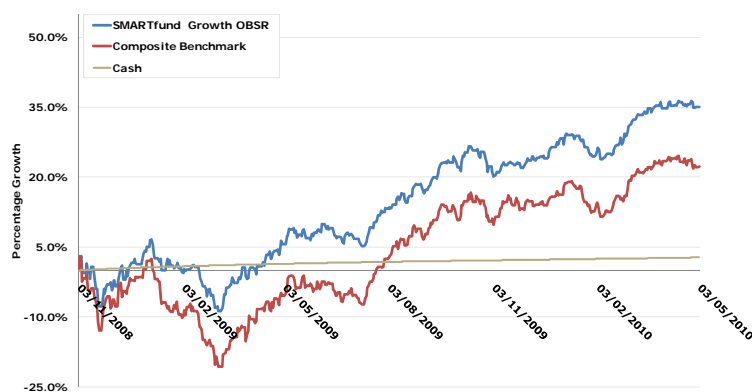
The equity component of the portfolio has seen positive returns over the review period largely as a result of the weakness in sterling. A sizeable weighting in US equities has been particularly beneficial given the strength in the US Dollar while a very modest weighting in Europe has been accretive given the weakness of European stockmarkets and the Euro. In terms of underlying fund performance the US, Japan, emerging and Asian funds all added value against the broader peer group and their recognised benchmarks. The UK component of the portfolio struggled against a resurgent FTSE All Index. We have anticipated a year of consolidation for equities after a strong 2009 and given the heightened level of volatility.

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

03.11.2008 to 03.05.2010



Performance Table

	SMARTfund Growth OBSR	Composite Benchmark	Cash
6 months to 03.05.2010	12.5%	11.3%	0.6%
03.11.08 to 03.05.2010	35.1%	22.3%	2.8%

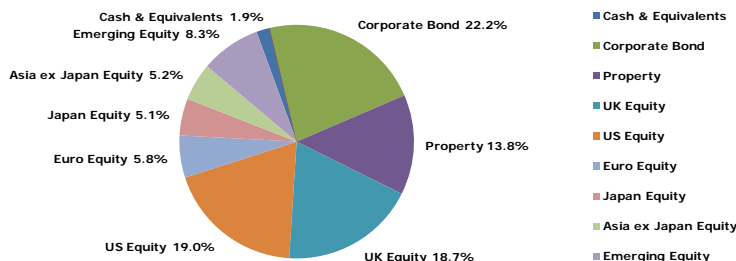
PAST PERFORMANCE SHOULD NOT BE SEEN AS A GUIDE TO FUTURE PERFORMANCE

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.

ASSET ALLOCATION

03.05.2010*



*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. ph: 0844 801 0700

TOP 10 SECURITIES

	03.05.2010
Security	%*
Invesco Perpetual Corporate Bond	9.34
M&G Property Portfolio	8.34
BlackRock UK Dynamic Fund	7.86
M&G Strategic Corporate Bond	7.37
Threadneedle American Fund	7.35
Rensburg UK Select Growth	6.37
Schroder US Small and Mid Cap	6.29
Henderson Strategic Bond	5.57
Threadneedle UK Property Trust	5.53
Axa Framlington American Growth	5.35

	03.11.2009
Security	%*
Invesco Perpetual Corporate Bond	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	5.96
Schroder US Mid Cap Fund	5.91
Invesco Perpetual Japan Fund	4.99

*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 and Income

	Highest Price	Lowest Price	Net Income
6 months to 03.05.2010	£4,090.24	£3,612.12	£22.13
03.11.08 to 03.11.2009	£3,798.50	£2,738.04	£49.34

Net Asset Value for Notional Unit

	03.05.2010	03.11.2009
	£4,053.74	£3,603.10

Distribution Statement for Notional Unit

Distribution Payment Dates	Distribution Amount (£)
November 2009	1.61
December 2009	3.40
January 2010	5.24
February 2010	0.79
March 2010	3.12
April 2010	7.96

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.

TOTAL EXPENSE RATIO (TER)

	03.05.2010
Annualised TER	1.06%
Annualised Synthetic TER	2.04%

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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www.smartfund.co.uk

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