



# SA Informed Cautious Strategy

Short Report

Period 22 June 2010 to 21 December 2010

## INVESTMENT OBJECTIVE

To provide relatively stable returns over the medium term with the potential for some long-term capital growth.

## 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, Fixed Interest Securities, Equities and Property funds.

## RISK PROFILE

This fund's risk profile is low to medium.

## MARKET & FUND REVIEW (PROVIDED BY OBSR)

It has been a positive period for risk assets although the pace of appreciation in both fixed income and property slowed meaningfully from the strong double digit returns recorded in the previous 12 months. With cash still yielding nothing in real terms, it is still 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.

It was however a game of two halves for investment grade credit as the very low nominal yields recorded in Q3 began to reverse in earnest in Q4 of 2010. The corporate bond spread versus government bonds survived relatively unscathed in this yield shift higher, reflecting the strength of corporate balance sheets and their relative creditworthiness. In terms of the property exposure we had asserted that the best was past for the direct property market and that the bifurcated nature of the commercial property sector would persist. The aggressive re-pricing of the prime sector has seen the yields revisit old yield lows while secondary property remains relatively weak. The modest equity exposure recommended by the strategic profiler saw strong double digit gains over the quarter with emerging and the UK outperforming in Sterling terms. The only change over the review period was the sale of the Invesco Perpetual Income Fund in favour of the JO Hambro UK Equity Income Fund in Q3 to add a degree of positive beta to the UK allocation.

## PERFORMANCE REVIEW

22.06.2009 TO 21.12.2010



## Performance Table

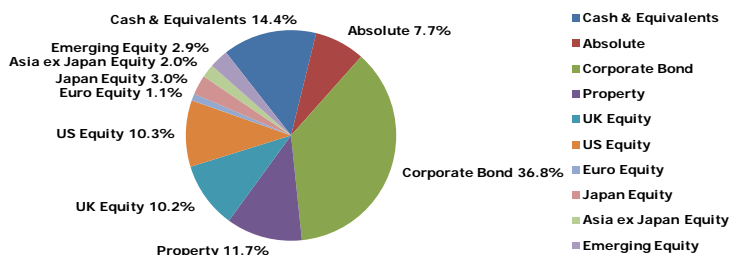
	Cautious Strategy	Composite Benchmark	Cash
6 months to 21.12.2010	3.2%	4.9%	0.7%
22.06.2009 to 21.12.2010	19.3%	21.3%	2.0%

## 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.

## ASSET ALLOCATION

21.12.2010\*



\*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**

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## TOP 10 SECURITIES

Security	%*
	<b>21.12.2010</b>
Fidelity MoneyBuilder Income	14.47
M&G Strategic Corporate Bond	11.64
Invesco Perpetual Corporate Bond	10.67
M&G Property Portfolio	6.82
Fidelity Cash Fund	6.81
Threadneedle American Fund	6.14
BlackRock UK Dynamic Fund	6.11
Legal & General Cash Trust	5.83
Threadneedle UK Property Trust	4.84
Schroder US Small and Mid Cap	4.11
	<b>21.06.2010</b>
Fidelity MoneyBuilder Income	14.50
M&G Strategic Corporate Bond	11.61
Invesco Perpetual Corporate Bond	10.67
M&G Property Portfolio	6.97
Fidelity Cash Fund	6.78
BlackRock UK Dynamic Fund	6.02
Threadneedle American Fund	6.00
Legal & General Cash Trust	5.82
Threadneedle UK Property Trust	4.92
JO Hambro UK Equity Fund	3.98

\*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	22 June 2009
Fund Launch Date	22 June 2009
Fund Accounting Date - Final	21 December 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 Informed SMARTfund 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
6 months to 21.12.2010	£3,581.98	£3,387.55
22.06.2009 to 21.12.2010	£3,581.98	£2,984.03

### Net Asset Value for Notional Unit

	21.12.2010	21.06.2010
	£3,571.61	£3,471.87

### Distribution Statement for Notional Unit

Distribution Payment Dates	Distribution Amount (£)
September 2010	13.19
October 2010	1.83
<b>Net Income</b>	<b>15.02</b>

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

### TOTAL EXPENSE RATIO (TER)

	21.12.2010
<b>Annualised TER</b>	1.54%
<b>Annualised Synthetic TER</b>	2.33%

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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