



# SA Informed Growth Strategy

Short Report

Period 22 June 2010 to 21 December 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)

The review period has been dominated by a rally in equities and more modest returns from property and fixed income. As anticipated the fixed interest and property markets which had recorded double digit returns through the first 6 months of 2010 slowed abruptly. We believe that the yield compression in property has largely run its course although the running yield on the typical direct property fund is offering reasonable mid-single digit returns. The returns from fixed income were positive but Q4 was more problematic as nominal yields began to rise. 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 equity allocation, the returns across the board have been strong with the UK showing particular strength in part linked to some relief after the conclusion of the election in the UK and in part because the UK Index is dominated by resource stocks that were strong performers into the year-end. The US and Europe were relative laggards over the six months, with debt worries still overhanging Europe. Emerging markets were strong over the review period but struggled at year end as investors began to fret about the inflation trends that were accelerating across the developing world. In terms of the underlying fund selection, active managers did struggle with the scale of the move in markets but there was a significant divergence in returns with the selected UK, US, Asian and Emerging Markets acquitting themselves well. Against this the European and Japanese selections were weaker overall.

## PERFORMANCE REVIEW

22.06.2009 TO 21.12.2010



## Performance Table

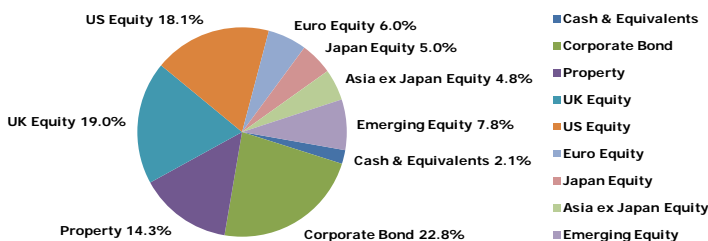
|                          | Growth Strategy | Composite Benchmark | Cash |
|--------------------------|-----------------|---------------------|------|
| 6 months to 21.12.2010   | 7.6%            | 9.2%                | 0.7% |
| 22.06.2009 to 21.12.2010 | 33.9%           | 36.5%               | 2.0% |

## 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>                     |      |
| M&G Strategic Corporate Bond          | 9.49 |
| M&G Property Portfolio                | 8.56 |
| BlackRock UK Dynamic Fund             | 7.95 |
| Invesco Perpetual Corporate Bond      | 7.57 |
| Threadneedle American Fund            | 7.05 |
| Schroder US Small and Mid Cap         | 6.10 |
| JO Hambro UK Equity Fund              | 6.02 |
| Threadneedle UK Property Trust        | 5.74 |
| Henderson Strategic Bond              | 5.73 |
| AXA Framlington UK Opportunities Fund | 5.02 |
| <b>21.06.2010</b>                     |      |
| M&G Strategic Corporate Bond          | 9.53 |
| M&G Property Portfolio                | 8.80 |
| BlackRock UK Dynamic Fund             | 7.89 |
| Invesco Perpetual Corporate Bond      | 7.65 |
| Threadneedle American Fund            | 6.89 |
| Rensburg UK Select Growth             | 5.87 |
| Schroder US Mid Cap Fund              | 5.82 |
| Threadneedle UK Property Trust        | 5.80 |
| Henderson Strategic Bond              | 5.70 |
| AXA Framlington UK Opportunities Fund | 4.98 |

\*Calculated as a percentage of Net Asset Value

## SUB-FUND DETAILS

|                               |   |
|-------------------------------|---|
| Fund Manager                  | SMARTfund Administration Ltd<br>6 Broad Street Place<br>London, EC2M 7JH                |
| Investment Adviser            | OBSR Advisory Services Ltd<br>Scandinavian House<br>2 Cannon Street<br>London, EC4M 6QQ |
| Trustee/Depository            | HSBC<br>8 Canada Square<br>Canary Wharf<br>London, E14 5HQ                              |
| Auditor                       | BDO LLP<br>55 Baker Street<br>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 |
|---------------------------------|---------------|--------------|
| <b>6 months to 21.12.2010</b>   | £4,001.01     | £3,546.02    |
| <b>22.06.2009 to 21.12.2010</b> | £4,001.01     | £2,965.71    |

### Net Asset Value for Notional Unit

|  | 21.12.2010 | 21.06.2010 |
|--|------------|------------|
|  | £4,001.01  | £3,741.99  |

### Distribution Statement for Notional Unit

| Distribution Payment Dates | Distribution Amount (£) |
|----------------------------|-------------------------|
| September 2010             | 6.01                    |
| October 2010               | 0.21                    |
| February 2011              | 0.80                    |
| <b>Net Income</b>          | <b>7.02</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> | 2.44%      |

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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