

## INVESTMENT PROCESS

- Asset Allocation is initially performed at a strategic level based on levels of appetite for risk defined by reference to volatility, by Barrie & Hibbert.
- OBSR may provide a tactical overlay to the strategic asset allocation enabling the Informed SMARTfunds to take advantage of shorter term shifts and trends in the market.
- OBSR then selects the funds which they believe are the most appropriate, given the asset allocation based on the intended risk and return profile of the SMARTfunds and current market trends.

## OLD BROAD STREET RESEARCH (OBSR)

OBSR's research philosophy and approach is not only long-established but is also developing over time in order that it remains robust and relevant in an ever changing industry. OBSR's research is respected by fund managers, product providers and professional intermediaries alike, with OBSR Fund Ratings widely acknowledged as an independent mark of quality.

OBSR's philosophy is grounded in the belief that a qualitative approach is critical to providing forward-looking research and opinions. OBSR believe that a qualitative understanding of a manager, gained through face-to-face meetings, is the only way to understand how a fund is managed, what it sets out to achieve and the prospects of those objectives being met in the future.

## BARRIE & HIBBERT

Barrie & Hibbert's asset and product modelling capability has been developed over the last 13 years resulting in their becoming a global market leader in stochastic asset modelling services.

Barrie & Hibbert's primary focus is the identification, quantification and management of financial risk in savings and investment products, institutional portfolios and life and pensions balance sheets. They have developed a powerful library of financial models that can be used to understand the complicated joint financial relationships that drive uncertainty in long-term financial plans.

Collectively their staff of leading academics, quantitative analysts, actuaries and software engineers offer a depth and breadth of expertise combined with an unrivalled track record of experience in implementing risk solution for financial institutions around the world.

## INVESTMENT OPPORTUNITIES

- Unit Trust
- ISA
- ISA Transfer
- SIPP (via 3<sup>rd</sup> party links)
- Offshore Bonds (via 3<sup>rd</sup> party links)

The Informed SMARTfunds are available within a wide range of Life and Pension products, both onshore and offshore. For full details, please contact SMARTfund Administration.

## FUND DETAILS

Fund Manager	SMARTfund Administration Ltd
Manager's Details	6 Broad Street Place London EC2M 7JH
Investment Adviser	Old Broad Street Research (OBSR)
Depository/Trustee	HSBC
Investment Adviser Start Date	June 2009
Fund Launch Date	June 2009
Fund Currency	GBP
Fund Sector	Unclassified
Fund Type	Authorised Unit Trust
Minimum Initial	£3,000
Minimum Additional	£500 (£350 for regular payments)
Pricing Method	Forward
Pricing Times	17.30
Dealing Frequency	Daily
Distribution Policy	Monthly

## CONTACT US

If you would like to find out about how to invest into these funds please contact us at: -

**Telephone:** 0844 801 0700  
**Website:** [www.smartfund.co.uk/informedfinancialplanning](http://www.smartfund.co.uk/informedfinancialplanning)  
**Email:** [clientservicesUK@praemium.com](mailto:clientservicesUK@praemium.com)

**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/informedfinancialplanning](http://www.smartfund.co.uk/informedfinancialplanning). ph: 0844 801 0700

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

To achieve the investment objective, the Sub-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.

## SUB-FUND DETAILS

Fund Manager	SMARTfund Administration Ltd
Investment Adviser	Old Broad Street Research (OBSR)
Number of Holdings	17
Fund Type	Authorised Unit Trust
Initial Charge	0.5% + Adviser Charging*
Switching Charge	0%
Exit Charge	0%
Annual Management Charge	1.4%

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

## TOP TEN SECURITIES

	(%)	RANK PREVIOUS	
Fidelity MoneyBuilder Income	14.74%	1	1
M&G Strategic Corporate Bond	11.80%	2	n/a
Fidelity Cash Fund	11.79%	3	3
Legal & General Cash Trust	9.82%	4	4
Invesco Perpetual Corporate Bond	9.81%	5	2
Insight Absolute UK Equity Market Neutral	5.88%	6	6=
BlackRock UK Absolute Alpha	5.87%	7	6=
M&G Property Portfolio	4.91%	8	8
Threadneedle UK Property Trust	3.93%	9	11
Threadneedle American Fund	3.89%	10	9

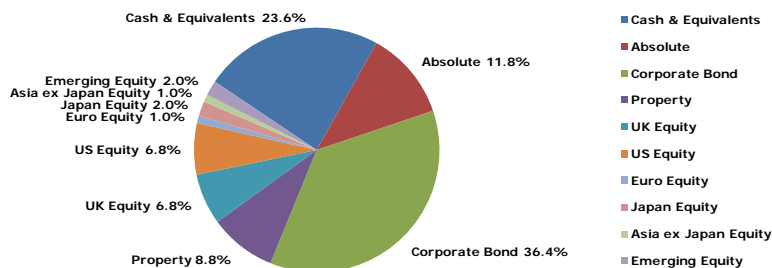
As at 09 June 2010. The actual investment held by the fund at any other date may differ. Once invested, both Adviser and Investor can log on to the SMARTfund Platform to view an up-to-date list of notionally allocated holdings.

## FUND COMMENTARY (PROVIDED BY OBSR)

With cash continuing to yield nothing in nominal terms, it is difficult to justify a significant weighting and as such a portion of this cash allocation continues to be given to corporate bonds. This decision was accretive again as corporate bonds continued to rally strongly. At the end of the last quarter the decision was taken to introduce two absolute funds; namely the BlackRock UK Absolute Alpha Fund and the Insight Absolute UK Equity Market Neutral. These two have been included on the basis that they represent the least volatile way of accessing absolute returns funds and we are pleased to report that over the period under review they contributed positively to performance. It should be noted that they were funded by reducing the significant overweight that we had been running in corporate bonds. We are firmly of the view that the best of the improvement in corporate bond pricing is behind us and the decision to move nearer to the strategic weighting in corporate bonds is the right one. Over the review period the corporate bond exposure in aggregate was ahead of the broader peer group and recognised benchmarks. The sale of Standard Life AAA Income was fortuitous as it lagged meaningfully over the quarter.

With the IPD UK All Property Index moving aggressively higher over the quarter it has been a struggle for the dedicated direct property portfolios to keep pace. Both the M&G Property Portfolio and Threadneedle UK Property Portfolio lagged a fully invested and strongly moving benchmark over the quarter. As we move from a liquidity driven to fundamentally driven market, we expect both property portfolios to outperform. The relatively modest equity exposure remains invested with solid core funds. The bulk of the equity funds outperformed within their relevant peer groups and recognised benchmarks over the quarter, although the UK component once again struggled against the FTSE All Share Index which was very competitive against the active UK universe.

## ASSET ALLOCATION (AT 09 JUNE 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 the investment objective, the Sub-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.

## SUB-FUND DETAILS

Fund Manager	SMARTfund Administration Ltd
Investment Adviser	Old Broad Street Research (OBSR)
Number of Holdings	17
Fund Type	Authorised Unit Trust
Initial Charge	0.5% + Adviser Charging*
Switching Charge	0%
Exit Charge	0%
Annual Management Charge	1.4%

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

## TOP TEN SECURITIES

	(%)	RANK	PREVIOUS
<b>Fidelity MoneyBuilder Income</b>	14.75%	1	1
<b>M&amp;G Strategic Corporate Bond</b>	11.80%	2	n/a
<b>Invesco Perpetual Corporate Bond</b>	10.79%	3	2
<b>M&amp;G Property Portfolio</b>	6.88%	4=	5
<b>Fidelity Cash Fund</b>	6.88%	4=	6
<b>Legal &amp; General Cash Trust</b>	5.89%	6	8
<b>Threadneedle American Fund</b>	5.84%	7	7
<b>BlackRock UK Dynamic Fund</b>	5.80%	8	4
<b>Threadneedle UK Property Trust</b>	4.91%	9	9
<b>BlackRock UK Absolute Alpha</b>	3.92%	10	11

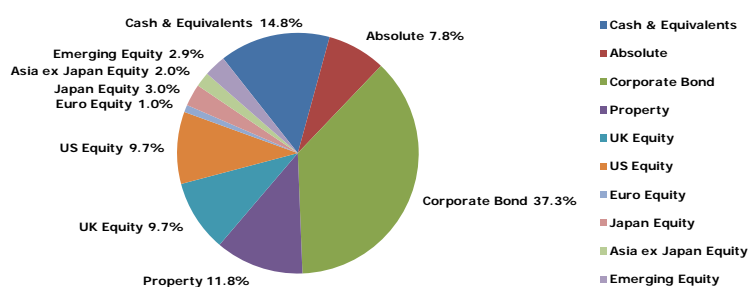
As at 09 June 2010. The actual investment held by the fund at any other date may differ. Once invested, both Adviser and Investor can logon to the SMARTfund Platform to view an up-to-date list of notionally allocated holdings.

## FUND COMMENTARY (PROVIDED BY OBSR)

With cash continuing to yield nothing in nominal terms, it is difficult to justify a significant weighting and as such a portion of this cash allocation continues to be given to corporate bonds. This decision was accretive again as corporate bonds continued to rally strongly. At the end of the last quarter the decision was taken to introduce two absolute funds namely; the BlackRock UK Absolute Alpha Fund and the Insight Absolute UK Equity Market Neutral. These two have been included on the basis that they represent the least volatile way of accessing absolute returns funds and we are pleased to report that over the period under review they contributed positively to performance. It should be noted that they were funded by reducing the significant overweight that we had been running in corporate bonds. We are firmly of the view that the best of the improvement in corporate bond pricing is behind us and the decision to move nearer to the strategic weighting in corporate bonds is the right one. Over the review period the corporate bond exposure in aggregate was ahead of the broader peer group and recognised benchmarks. The sale of Standard Life AAA Income Fund was fortuitous as it lagged meaningfully over the quarter.

With the IPD UK All Property Index moving aggressively higher over the quarter it has been a struggle for the dedicated direct property portfolios to keep pace. Both the M&G Property Portfolio and Threadneedle UK Property Portfolio lagged a fully invested and strongly moving benchmark over the quarter. As we move from a liquidity driven to fundamentally driven market, we expect both property portfolios to outperform. The relatively modest equity exposure remains invested with solid core funds. The bulk of the equity funds outperformed within their relevant peer groups and recognised benchmarks over the quarter, although the UK component once again struggled against the FTSE All Share Index which was very competitive against the active UK universe.

## ASSET ALLOCATION (AT 09 JUNE 2010)



## INVESTMENT OBJECTIVE

To provide a balance of income and capital growth over the medium to long term.

## INVESTMENT POLICY

To achieve the investment objectives, the Sub-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. The allocation of the portfolio will be approximately balanced between, on the one hand, funds investing in growth assets, such as shares and property, to provide the potential for capital growth and, on the other, funds investing in defensive assets such as fixed interest securities and cash.

## RISK PROFILE

This fund's risk profile is medium.

## SUB-FUND DETAILS

Fund Manager	SMARTfund Administration Ltd
Investment Adviser	Old Broad Street Research (OBSR)
Number of Holdings	16
Fund Type	Authorised Unit Trust
Initial Charge	0.5% + Adviser Charging*
Switching Charge	0%
Exit Charge	0%
Annual Management Charge	1.4%

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

## TOP TEN SECURITIES

	(%)	RANK PREVIOUS	
Fidelity MoneyBuilder Income	14.75%	1	1
M&G Strategic Corporate Bond	13.78%	2	4
Invesco Perpetual Corporate Bond	12.76%	3	2
M&G Property Portfolio	8.85%	4	5
Threadneedle UK Property Trust	5.90%	5	8
Threadneedle American Fund	5.85%	6	6
Henderson Strategic Bond	4.89%	7	3
BlackRock UK Dynamic Fund	4.83%	8	7
Schroder Tokyo Fund	3.96%	9	11
Gartmore Emerging Markets Opportunities	3.93%	10	10

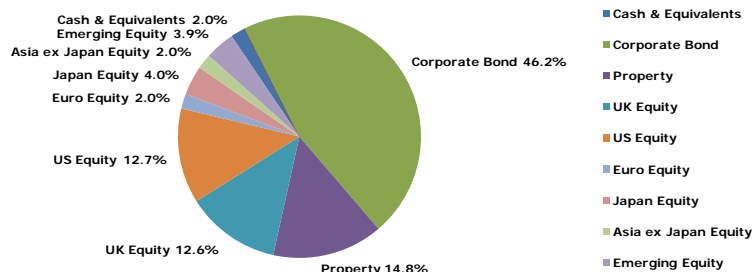
As at 09 June 2010. The actual investment held by the fund at any other date may differ. Once invested, both Adviser and Investor can logon to the SMARTfund Platform to view an up-to-date list of notionally allocated holdings.

## FUND COMMENTARY (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 bond security selection skills of the underlying managers as distinct from a broad narrowing of yield spreads by the entire market. The removal of the Standard Life AAA Income Fund and subsequent inclusion of the M&G Strategic Corporate Bond Fund was beneficial to overall performance over the quarter. 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 (AT 09 JUNE 2010)



## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

To achieve the investment objectives, the Sub-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 medium to high.

## SUB-FUND DETAILS

Fund Manager	SMARTfund Administration Ltd
Investment Adviser	Old Broad Street Research (OBSR)
Number of Holdings	18
Fund Type	Authorised Unit Trust
Initial Charge	0.5% + Adviser Charging*
Switching Charge	0%
Exit Charge	0%
Annual Management Charge	1.4%

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

## TOP TEN SECURITIES

	(%)	RANK	PREVIOUS
M&G Strategic Corporate Bond	9.86%	1	4
M&G Property Portfolio	8.87%	2	2
Invesco Perpetual Corporate Bond	7.86%	3	1
BlackRock UK Dynamic Fund	7.74%	4	3
Threadneedle American Fund	6.83%	5	5
Threadneedle UK Property Trust	5.91%	6	9
Henderson Strategic Bond	5.87%	7	8
Schroder US Small and Mid Cap	5.85%	8	6
Rensburg UK Select Growth	5.84%	9	7
Invesco Perpetual Japan Fund	4.94%	10	11

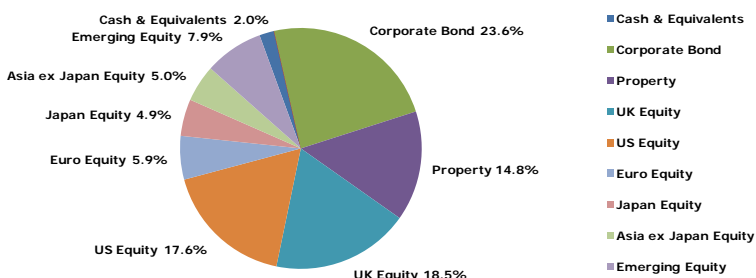
As at 09 June 2010. The actual investment held by the fund at any other date may differ. Once invested, both Adviser and Investor can logon to the SMARTfund Platform to view an up-to-date list of notionally allocated holdings.

## FUND COMMENTARY (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 (AT 09 JUNE 2010)



## INVESTMENT OBJECTIVE

To provide a long term capital growth by investing in growth assets.

## INVESTMENT POLICY

To achieve the investment objectives, the Sub-Fund will invest in a diversified portfolio of funds and other permitted investments that have a similarly diversified character.

The portfolio will be invested in funds investing in growth assets, such as shares and property, to provide the potential for capital growth.

## RISK PROFILE

This fund's risk profile high.

## SUB-FUND DETAILS

Fund Manager	SMARTfund Administration Ltd
Investment Adviser	Old Broad Street Research (OBSR)
Number of Holdings	14
Fund Type	Authorised Unit Trust
Initial Charge	0.5% + Adviser Charging*
Switching Charge	0%
Exit Charge	0%
Annual Management Charge	1.4%

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

## TOP TEN SECURITIES

	(%)	RANK	PREVIOUS
Threadneedle American Fund	9.77%	1	1
Fidelity South East Asia Fund	8.93%	2	3
Threadneedle Latin American Fund	8.81%	3	2
Schroder US Small and Mid Cap	7.82%	4=	4
Jupiter European Special Situations	7.82%	4=	5
BlackRock UK Dynamic Fund	7.75%	6	7
Jupiter Emerging European Opportunities	6.86%	7	9
Axa Framlington American Growth	6.84%	8=	8
Cazenove European Fund	6.84%	8=	10
Rensburg UK Select Growth	6.82%	10	6

As at 09 June 2010. The actual investment held by the fund at any other date may differ. Once invested, both Adviser and Investor can logon to the SMARTfund Platform to view an up-to-date list of notionally allocated holdings.

## FUND COMMENTARY (PROVIDED BY OBSR)

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. Many managers have been increasingly defensive in their positioning after a period of further strength in economically sensitive stocks. In aggregate most are emphasising larger companies with robust balance sheets and strong cashflows where there is some expectation that their current valuation is underappreciated by the market.

We had anticipated a period of consolidation for equities after such a strong 2009 and as this review is being completed that is now manifesting itself. The macroeconomic environment is likely to stay intensely volatile as developed world governments are forced to deal with the overhang caused by the banking crisis, resulting in robust fiscal tightening. In what is likely to be an era of thrift for the global economy, the portfolio will continue to emphasise the highest quality equity managers that are able to navigate a more difficult period in the markets. The current asset allocation as set by Barrie & Hibbert has been very beneficial given a relatively low weighting to Europe and a sizeable weighting to the US, which is outperforming at both an Index and currency level versus the UK.

## ASSET ALLOCATION (AT 09 JUNE 2010)

