

# The Smartfunds Range



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A smarter way  
to invest



Smart Investment Management

# Important considerations.

THIS DOCUMENT IS FOR FINANCIAL ADVISERS AND INSTITUTIONAL/ PROFESSIONAL INVESTORS ONLY AND SHOULD NOT BE RELIED UPON BY PRIVATE CLIENTS.

An investment in any of the funds in the Smartfund range, and specifically the Smartfund 80% Protected funds, carries a number of considerations and risks. The information outlined on this page is intended to summarise the key risks. There are other general risks which include risk of partial loss of capital, market risk, currency risk and counterparty risk.

- The Smartfund 80% Protected fund offers 80% protection of the highest fund value achieved, which means that in extreme market conditions the value of your investment can go down by 20%.
- Where we refer to “locked-in profits” this relates to the protection level of 80% of the highest fund value achieved. If the protection level increases above the previous fund-value high, then 80% of any such upside is protected, or “locked in”, thereby continually increasing the protected level.
- Morgan Stanley provides the protection component of the Smartfund 80% Protected fund and acts as counterparty to the fund, so if Morgan Stanley becomes insolvent the protection component may fail.
- In their role as Investment Manager, Fundlogic SAS will seek to hedge the share classes of the funds to counteract the impact of currency fluctuations. In extreme situations they may not be successful in protecting against all exchange-rate risk, which may result in the capital protection of Smartfund 80% Protected being less than 80% of NAV for the USD and EUR share classes.
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- The Smartfund 80% Protected fund aims to deliver the maximum protection with the minimum negative impact on your investment returns. To achieve this, a monthly performance cap is set for each strategy.
- Smartfund 80% Protected Growth: monthly cap of between 5% and 6%
- Smartfund 80% Protected Balanced: monthly cap of between 3% and 4%

These caps vary depending on the fund's risk profile. The more significant the equity exposure, the greater the potential investment returns, so the Smartfund 80% Protected Growth will have a higher cap than the Smartfund 80% Protected Balanced to ensure you get as much of the upside as possible. Though it would be rare for the funds to breach these caps, extreme market conditions do occur, and if the performance of the fund does exceed the level of the cap in any calendar month then you will achieve returns in line with but not above it.

- The fund uses a number of mechanisms to keep the cost of protection to a minimum; however, the cost of protection will likely result in the Smartfund 80% Protected funds underperforming the Smartfunds over the longer term and in rising or flat market conditions.
- The value of each Smartfund may be affected by various market risks, including interest rate risk, inflation risk, exchange-rate risk and the risk that the strategy managed by Smart<sup>im</sup> will underperform its benchmark.
- **The risks of investing are outlined in detail in the Prospectus, the Supplement to the fund and the Key Investor Information Document (KIID). We urge you to read these documents prior to recommending an investment in the Smartfund Range. You should also provide copies to your client so they can make an informed investment decision. All clients must take advice from a financial adviser prior to making an investment in the Smartfund Range.**



# Introducing the Smartfund Range.

**Stock market cycles are an unavoidable part of investing, but not everyone is able or wants to ride the waves of the market.**

In today's volatile and uncertain markets, the desire to minimise risk is often a key determinant of your investment decisions. If you have reached a certain stage in life, such as retirement, or you simply don't want or need to take big risks in your strategy, you may think you should opt for what were traditionally considered "low-risk" asset classes like cash or fixed interest in an effort to protect your capital.

However, with current low interest rates and low economic growth, investing in these asset classes may severely limit your ability to grow your assets and meet your investment objectives. Worse, it may actually expose you to the unintended risks that a lack of diversification often brings.

If you are seeking a smoother journey, the Smartfund Range can help. Each fund offers you the potential returns of actively managed global multi-asset risk-graded strategies. The Smartfund 80% Protected funds provide the additional benefit of 80% protection of the highest fund value achieved, delivered by Morgan Stanley.\*

\*refer to the Important considerations on page 2.



# How it works

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## A multifaceted approach.

At the centre of each Smartfund is a risk-graded strategy managed by Smart Investment Management (Smart<sup>im</sup>).

Each strategy has a specific risk profile and invests in a carefully constructed blend of asset classes. The Smartfunds are all available in three different currencies, GBP, EUR and USD.

The three Smartfund risk-graded strategies will be exposed to everyday stock market movements - they are not protected from losses due to volatile market movements but retain all the gains in a rising market.

The inbuilt volatility control mechanism maintains the fund's volatility close to the specified target.

Smartfund uses an active risk on/risk off strategy based on prevailing market volatility versus a target or expected level.

This will:

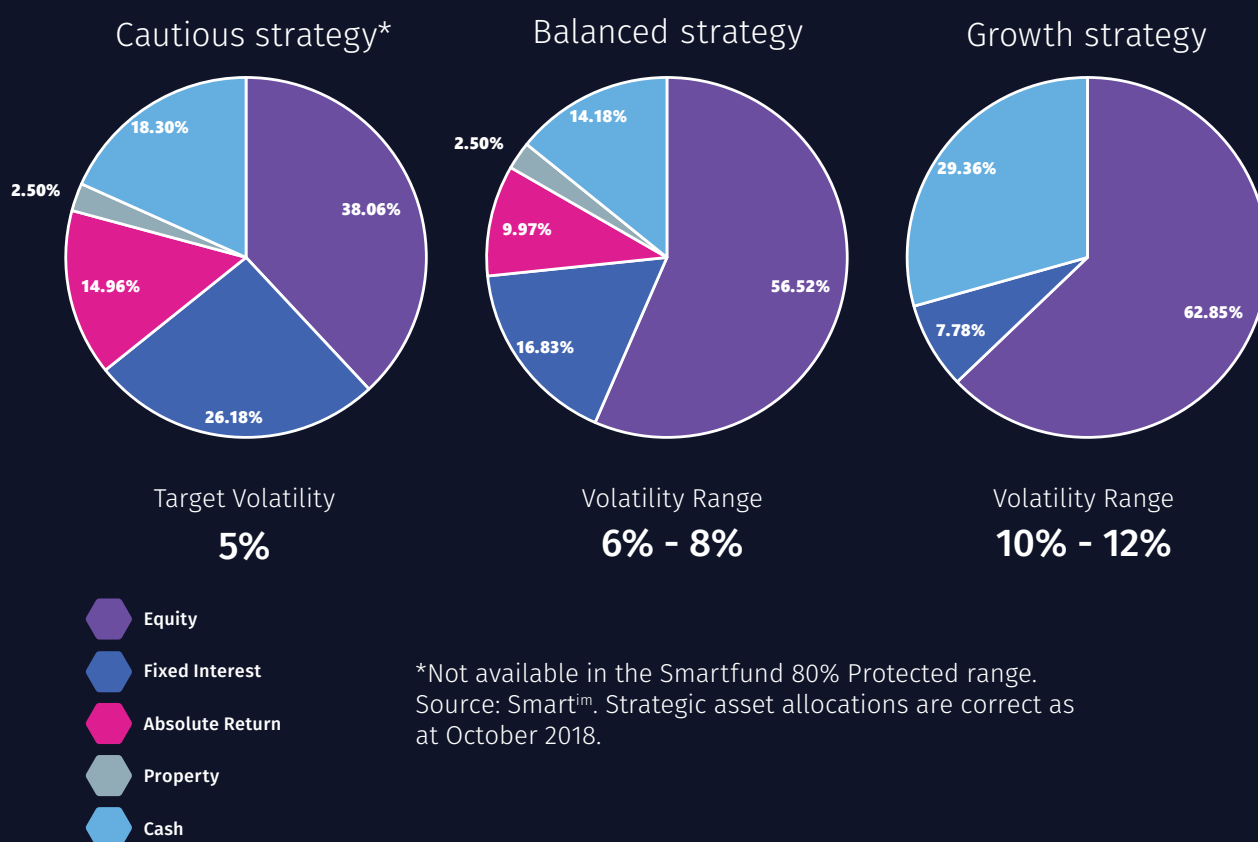
- Exploit the long-term trends between volatility and return
- Minimise the cost of protection (for 80% Protected fund only)

As a result, the Smartfund's exposure to its investment strategy can change daily based on market conditions.

# How it works

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## A choice of investment strategy.



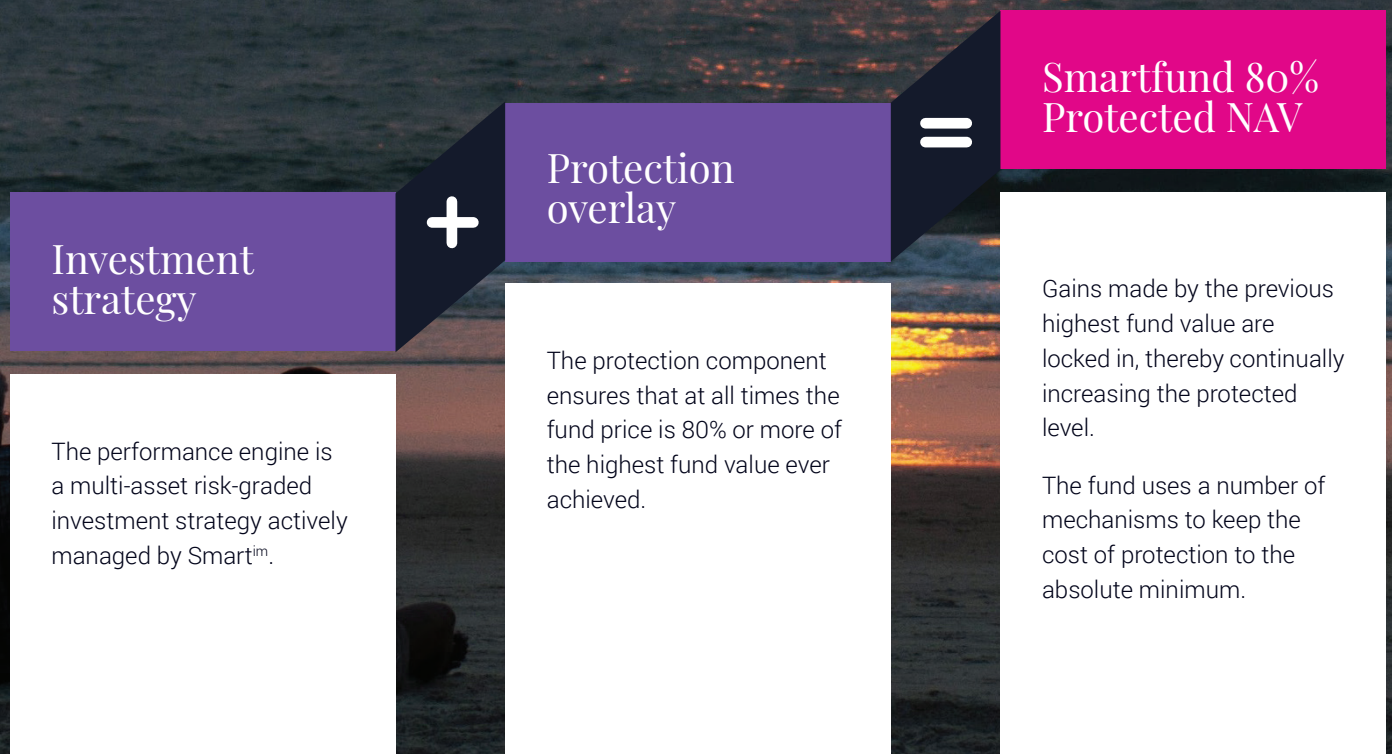
\*Not available in the Smartfund 80% Protected range.  
Source: Smart<sup>im</sup>. Strategic asset allocations are correct as at October 2018.

# Smartfund 80% Protected

## The capital protected range.

For clients who prefer more security for their investments, Smart<sup>im</sup> offers our innovative Smartfund 80% Protected funds.

The funds are made up of two parts - the protection component provided by Morgan Stanley, and the risk-graded strategy managed by Smart<sup>im</sup>.





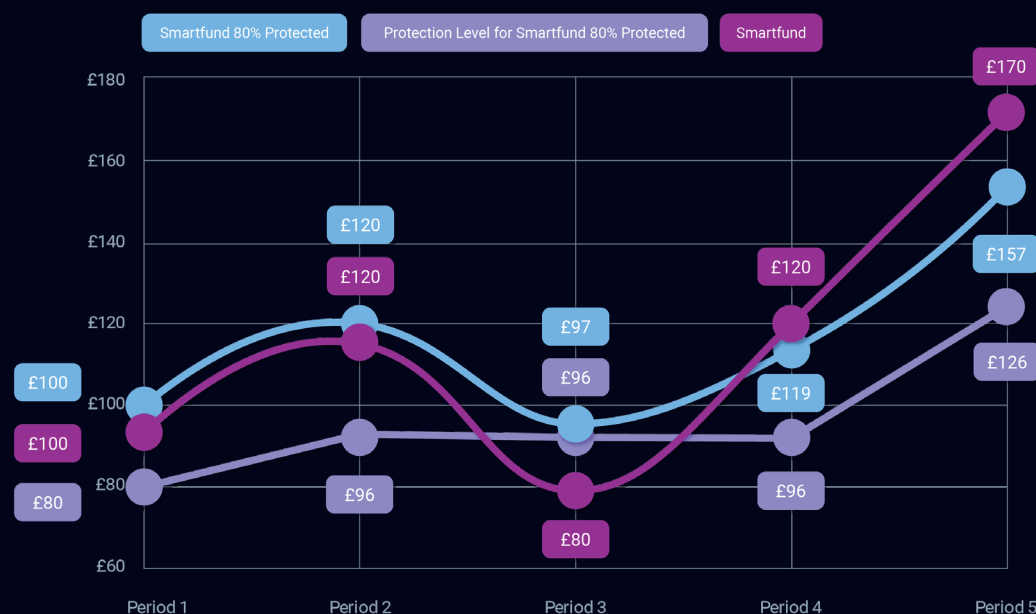
# How the funds may perform

## Which fund is right for you?

Both funds are designed to allow you to grow your capital, but the investment journey will be different for each fund as markets rise and fall.

Investing in Smartfund may afford you a slightly better return in the long term, whilst an investment in Smartfund 80% Protected will protect you from the worst of the stock market waves along the way. You choose which is the right route for you.

The chart below illustrates how Smartfund and Smartfund 80% Protected might perform in different market conditions. In this example, at launch one client invests £100 into Smartfund (the purple line) and £100 into Smartfund 80% Protected (the blue line). The protection level of the 80% Protected fund is illustrated by the violet line.



Source: Smart Investment Management  
For illustrative purposes only

# Who is involved in the funds?

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Taking care with your investments.

## Smart Investment Management

Sub investment manager

FCA-authorised subsidiary of Praemium

## Praemium Administration Limited

Distributor

UK subsidiary of Praemium, ASX-listed provider of international fintech and investment solutions.

## Morgan Stanley

Protection provider

Morgan Stanley is one of the world's largest and most respected global financial institutions.

## FundLogic SAS

Subsidiary of Morgan Stanley

FundLogic SAS is a subsidiary of Morgan Stanley UCITS IV platform.



## About

### Smart Investment Management

Smart<sup>im</sup> is an FCA-authorised investment management business established in late 2013 to develop and maintain a range of innovative multi-asset model portfolios and funds for the UK and international adviser markets. Smart<sup>im</sup> is a wholly owned subsidiary of Praemium Limited.

Smart<sup>im</sup>'s philosophy is rooted in the belief that risk and returns are always related. Strategies are constructed with the understanding that:

- Diversification will deliver smoother and less volatile returns.
- Risk tolerance should always be the starting point when constructing a strategy.

Active management and tactical asset allocation allow the team to identify and add considerable value in addition to controlling risk over shorter time horizons.

## About

### Praemium Administration Limited

The world's leading financial advisers, investment managers, institutions, accountants and product providers use Praemium to manage over \$100 billion (£59 billion) worth of investments. Praemium's platform technology is now used by more than 1,000 financial institutions and advice businesses and 500,000 investors around the world.

Unlike many platforms, Praemium owns its own technology. Founded in Australia in 2001, it counts 3 of the 4 big Australian banks plus Credit Suisse and Morgan Stanley as wealth clients. Praemium's globally located technology team is continually innovating and delivering important enhancements to make it easier for advisers to deliver exceptional value to their clients.

# Our investment managers

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## Meet the team.

Our investment professionals have a wealth of experience in multi-asset investing. They will ensure that your clients benefit from detailed investment analysis alongside a genuine understanding of the needs of the retail investor.



**Nick Stanhope**  
**Fund Manager**

Nick has over 20 years of experience in the investment management industry and

specialises in the area of multi-asset, multi-manager investing. Nick is jointly responsible for a range of volatility risk-rated portfolios invested in active, index and factor-based funds. Additionally, he is responsible for the Smartfund 80% Protected range of funds on the Morgan Stanley Fundlogic platform. Previously to Smart Investment Management, Nick spent over six years at North Investment Partners as a senior fund manager responsible for fund selection and the management of North's multi-asset funds and their range of risk-graded portfolios. Nick has also worked for Santander, Chiswell Associates and Cazenove within investment and advisory roles. He holds the IIMR Investment Management Certificate and the CII Financial Planning Certificate.



**Ari Towli**  
**Fund Manager**

Ari Towli has over 24 years of experience in the area of multi-asset, multi-manager investing. He has

worked at Singer & Friedlander, Quilter & Co., Rothschilds, Gartmore and more recently North Investment Partners Ltd. where he was responsible for fund selection and the management of North's multi-asset portfolios and funds. Ari also has extensive experience in the product design in "long only" and absolute return multi-asset vehicles. In addition, Ari has developed the risk tools that were critical to the construction and development of the Smart<sup>™</sup> Risk-Graded Portfolios range. Additionally, Ari is jointly responsible for the Smartfund 80% Protected range of funds on the Morgan Stanley Fundlogic platform. Ari is an Associate of the Chartered Institute for Securities and Investment and has passed CFA Level 1.

# Fund details

	Smartfunds	Smartfund 80% Protected
Country	Dublin	Dublin
Type of fund	UCITS IV	UCITS IV
Launch date	18th March 2016	4th September 2015
Investment manager	Smart Investment Management Limited, a member of the Praemium group	Fundlogic SAS, a member of the Morgan Stanley group
Sub investment manager	Fundlogic SAS, a member of the Morgan Stanley group	Smart Investment Management Limited, a member of the Praemium group
Protection provider	n/a	Morgan Stanley & Co. International plc, London
Protection level	n/a	80% of highest NAV achieved
Calculation and protection of highest value	n/a	Daily
Funds	Smartfund Cautious, Smartfund Balanced, Smartfund Growth	Smartfund 80% Protected Balanced, Smartfund 80% Protected Growth
Base fund currency	GBP	GBP
Pricing frequency	Daily	Daily
Share class currencies (A Share class)	USD, GBP, EUR	USD, GBP, EUR
Share class currencies (C Share class)	GBP	GBP
Accumulating or distributing	Accumulating	Accumulating
Total Expense Ratio (A Share class)	1.95%	1.95%
Total Expense Ratio (C Share class)	0.50%	0.50%



