

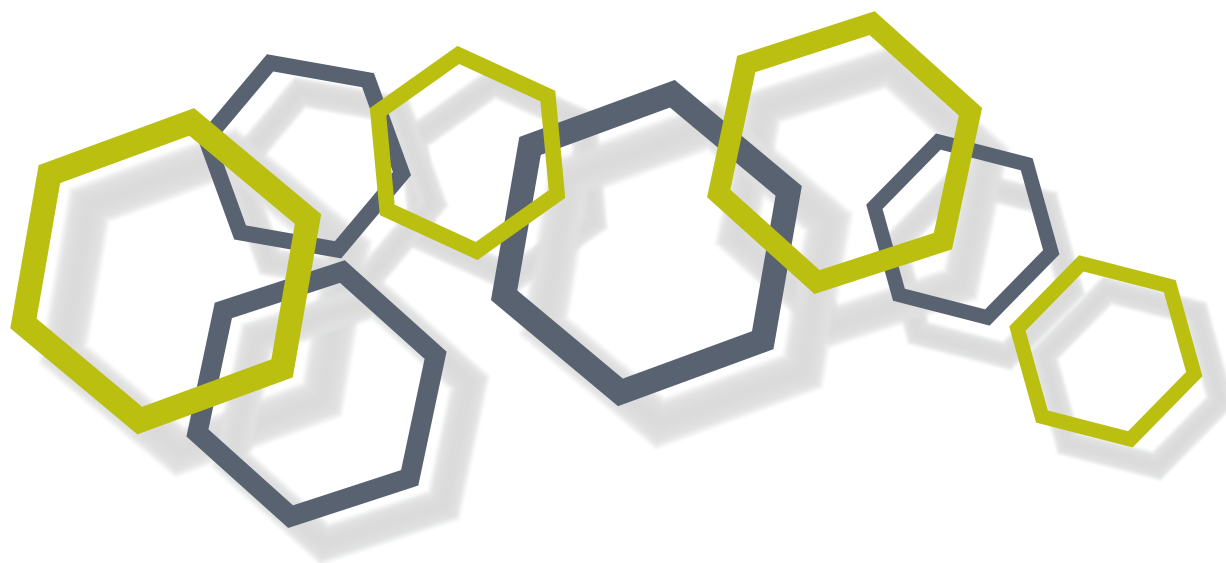


**smart**<sup>im</sup>

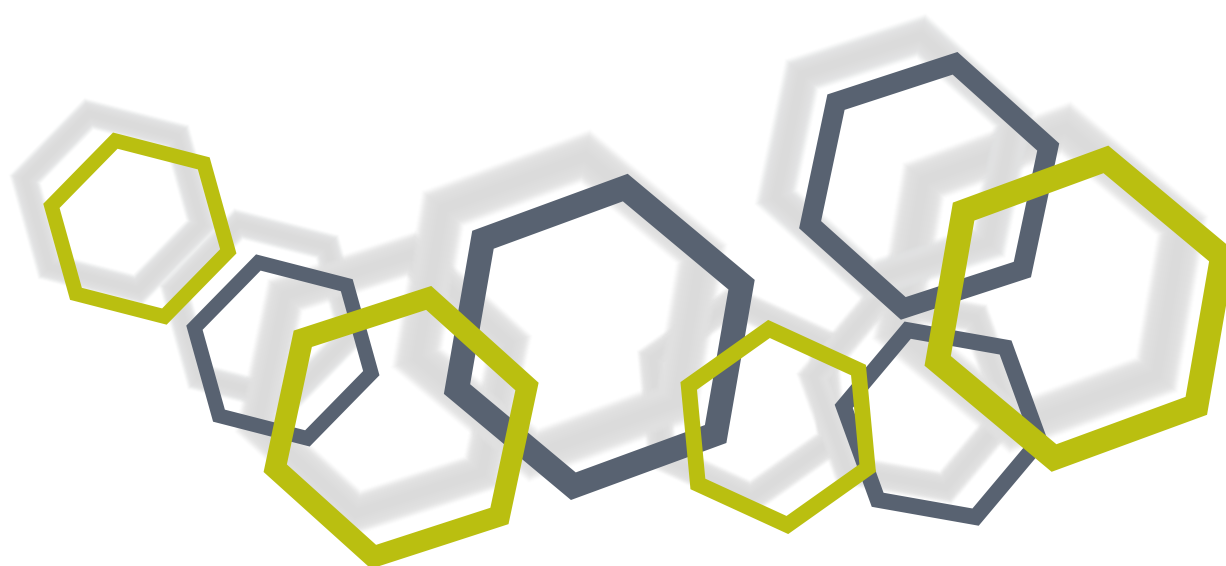
**The Smartfund 80%  
Protected Range**

**Protecting your future wealth**

a **præmium** company



The new Smartfund 80% Protected range offers the returns of multi-asset risk-graded portfolios managed by Smart<sup>im</sup>, with the benefit of capital protection of 80% of the highest ever fund value achieved, provided by Morgan Stanley.



# The Smartfund 80% Protected 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 market, the desire to minimise risk is often a key determinant of your investment decisions. Whether you have reached a certain stage in life, such as retirement, or you simply don't want or need to take risks in your portfolio, you may opt for what were traditionally considered 'low-risk' asset classes like cash or fixed interest in an effort to protect your capital.

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 new Smartfund 80% Protected range provides the best of both worlds – the potential returns of global multi-asset risk-graded portfolios coupled with a 'protection component' of a minimum of 80% capital protection of the highest fund value achieved.\*

## Key reasons to invest in the Smartfund 80% Protected Range

1. **Diversification:** There are three Funds which have been designed to meet specific client risk profiles. Each Fund invests in a carefully constructed blend of different asset classes that can include equities, bonds, property, commodities, foreign exchange, alternative investments and cash.
2. **Locks in profits:** The Funds are designed to protect against the share price falling below a certain level. As the share price increases, the protected price also increases. This means that from launch investors in the Funds benefit from a continuous level of protection of 80% of the highest ever fund value.
3. **Daily pricing:** You can buy or sell your investment on a daily basis. There is no fixed period or penalties when you sell your investment.
4. **Strength of Morgan Stanley:** The protection component of the Funds is provided by Morgan Stanley, which has the following credit ratings\*\*:

Ratings providers	Morgan Stanley credit rating
Fitch Ratings, Inc	A
Moody's Investors Service	A3
Standard & Poor's Ratings Services	A-

\*The fund value is based on the Net Asset Value (NAV). The price protection offered by the SmartFund 80% Protected range is not guaranteed and is provided by Morgan Stanley. In certain circumstances the protection could be reduced or even removed. See page 11 for more information on these circumstances.

\*\*Source: Morgan Stanley Senior Unsecured Ratings - Long-term debt and Rating Outlook for MS Parent at 31-Jul-2015.

# About the Funds

## How the Fund is constructed

The fund is made up of two parts: the risk-graded portfolio which is managed by Smart Investment Management (Smart<sup>im</sup>) and the protection component provided by Morgan Stanley.



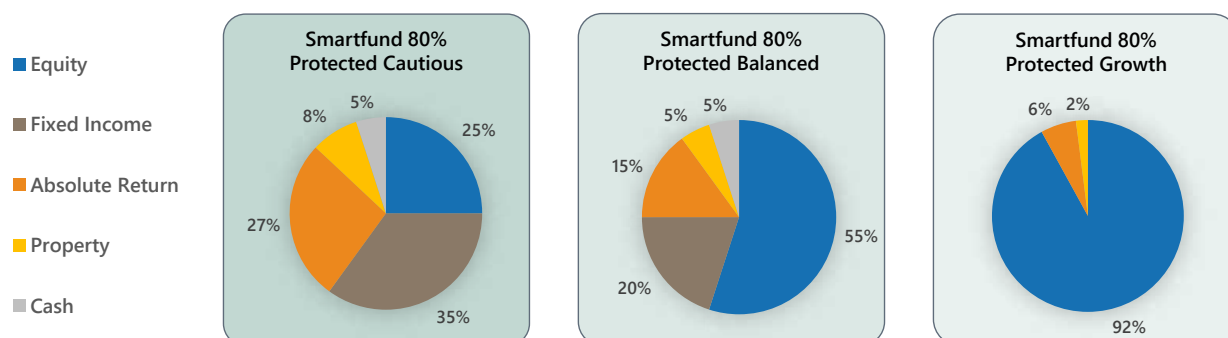
## How the risk-graded portfolios are managed

The risk-graded portfolio is the performance engine of the Fund, and is managed by experts at Smart Investment Management (Smart<sup>im</sup>). Each portfolio has a specific risk profile and invests in a carefully constructed blend of different asset classes that can include equities, bonds, property, commodities, foreign exchange, alternative investments and cash.

Historically one of the best ways to achieve higher investment returns over the long term has been to invest in equities. However, including other asset classes can provide the best risk adjusted returns. Depending on your tolerance to risk, you can select from portfolios that range from between 5% to 100% equity exposure.

With systematic risk controls and active management, whichever portfolio you select should offer good returns for the specific level of risk, even in difficult market conditions.

The Smartfund Protected range follows the same investment approach as our other risk-graded portfolios. Each portfolio is designed and managed to meet the investment needs of a specific client risk profile:



The asset allocations are correct as at 1 August 2015.  
Source: Smart<sup>im</sup>

## How the protection component is delivered

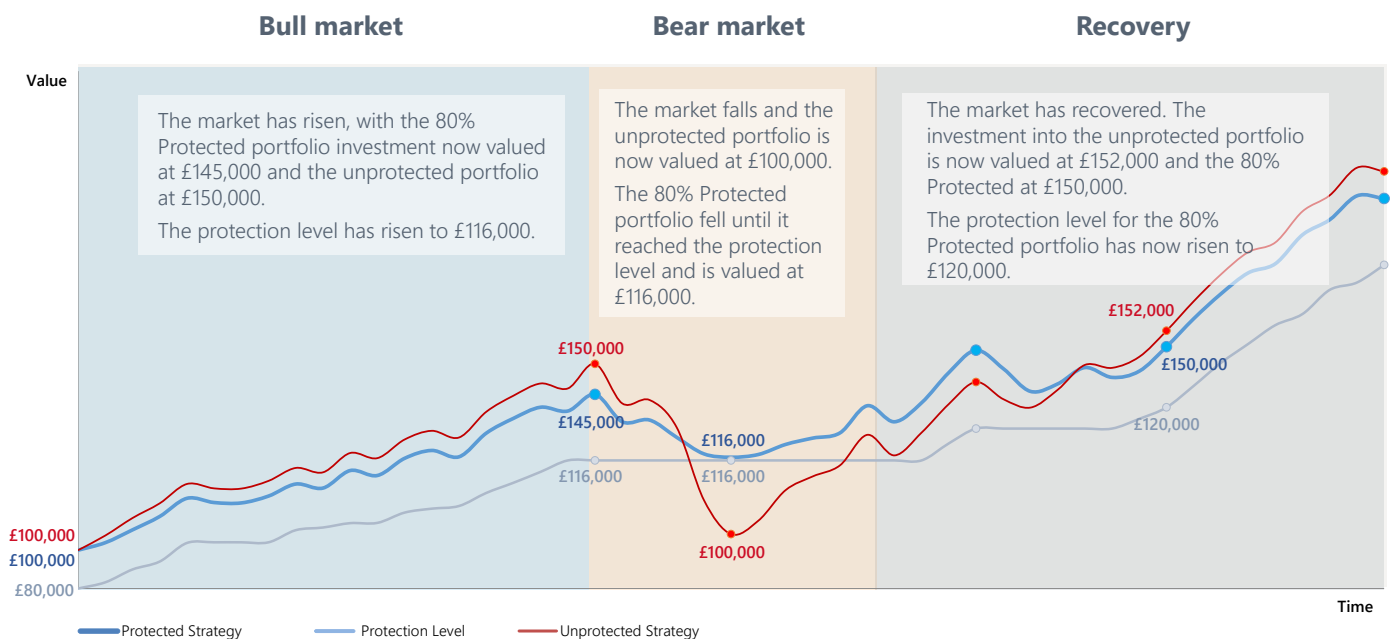
The protection component partially compensates for losses on the risk-graded portfolios to ensure that at all times the Fund Net Asset Value (NAV) is above 80% of the highest fund value achieved. Gains made above the previous highest fund value continually increase the protected value.

The protection is delivered via a mechanism using derivatives. This mechanism enables the Fund to benefit from positive performance even after substantial capital losses within the risk-graded portfolio.

## How the Fund is likely to perform in different market conditions

The chart below illustrates how a protected portfolio is expected to perform versus the same portfolio without protection in different market conditions.

In this example, at launch one client invests £100,000 into the Smartfund 80% Protected portfolio and one client invests £100,000 into the unprotected portfolio. The protection level for the Protected portfolio starts at £80,000.



This chart is for illustrative purposes only. Source: Smart<sup>im</sup>

## Mitigating the cost of protection

Being able to protect your investment is appealing but not if the cost of doing so is prohibitive. The Funds aim 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 portfolio. By having a cap in place the Fund can offer the benefits of protection while keeping the cost to a minimum.

These caps vary depending on the portfolio's risk profile and are related to each Fund's investment strategy. The more significant the equity exposure the greater the potential investment returns; higher equity portfolios have a higher cap to ensure you get as much of the upside potential as possible.

- Smartfund 80% Protected Growth - monthly cap of 6%
- Smartfund 80% Protected Balanced - monthly cap of 4%
- Smartfund 80% Protected Cautious - monthly cap of 3%

Though it is unlikely that the Funds will 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 returns

Below is a historical simulation of how the Smartfund 80% Protected Funds would have performed compared to their unprotected counterparts over the past ten years. The difference in performance can be attributed to a number of factors, including the protection, the cost of that protection, and the performance cap. Depending on the time frame of the investment, this difference can either be positive or negative, as illustrated in the table below.

The maximum peak to trough loss (the largest fall in value at any one time) is the biggest loss that an investor would have experienced in that 10-year period. As you see, there is only a relatively modest reduction in the annualised return, but the maximum peak to trough loss is substantially lower. The result - a very effective smoothing of returns and greatly reduced risk of loss of capital.

Portfolio	Returns*	Volatility	Peak to trough loss
Smartfund 80% Protected Growth	5.31%	7.88%	-20.00%
Smartfund Growth	5.31%	15.81%	-55.72%
Smartfund 80% Protected Balanced	4.11%	6.05%	-19.43%
Smartfund Balanced	4.81%	9.97%	-41.77%
Smartfund 80% Protected Cautious	3.55%	3.80%	-15.23%
Smartfund Cautious	4.15%	5.08%	-25.09%

Source: Smart<sup>tm</sup>, Morgan Stanley.

\*Returns calculated as internal rate of return (IRR). All returns are total return and include reinvestment of dividends. The table above shows the historical simulation of the protected portfolios versus the 80% unprotected version of each strategy over ten years to [31 July] 2015.

These performance figures reflect what a client would have actually received net of all charges, AMC 1.95%. These figures also reflect the impact of the monthly performance cap and the cost of the protection.

# About Morgan Stanley

**Your portfolio's protection is supplied by one of the world's leading banks.**

Key facts as of 31 December 2014	
Employees	55,802
Offices	Over 1,300
Countries Present	43
2014 Net Revenues	US\$34.27 billion

Founded in 1935, Morgan Stanley is one of the largest financial institutions in the world. Morgan Stanley has earned a worldwide reputation for excellence in financial advice and market execution. With offices in more than 43 countries, the people of Morgan Stanley are dedicated to providing clients the finest thinking, products and services to help them achieve even their most challenging goals.

Morgan Stanley is a global financial services firm that maintains significant market positions in each of its business segments — Institutional Securities, Wealth Management and Investment Management. The Company, through its subsidiaries and affiliates, provides its products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals.

Source: Morgan Stanley as at 31 July 2015

# About Smart<sup>im</sup>

**A proven track record of managing risk-controlled multi-asset portfolios.**

Smart<sup>im</sup>'s philosophy is rooted in the fundamental belief that risk and returns are always related.

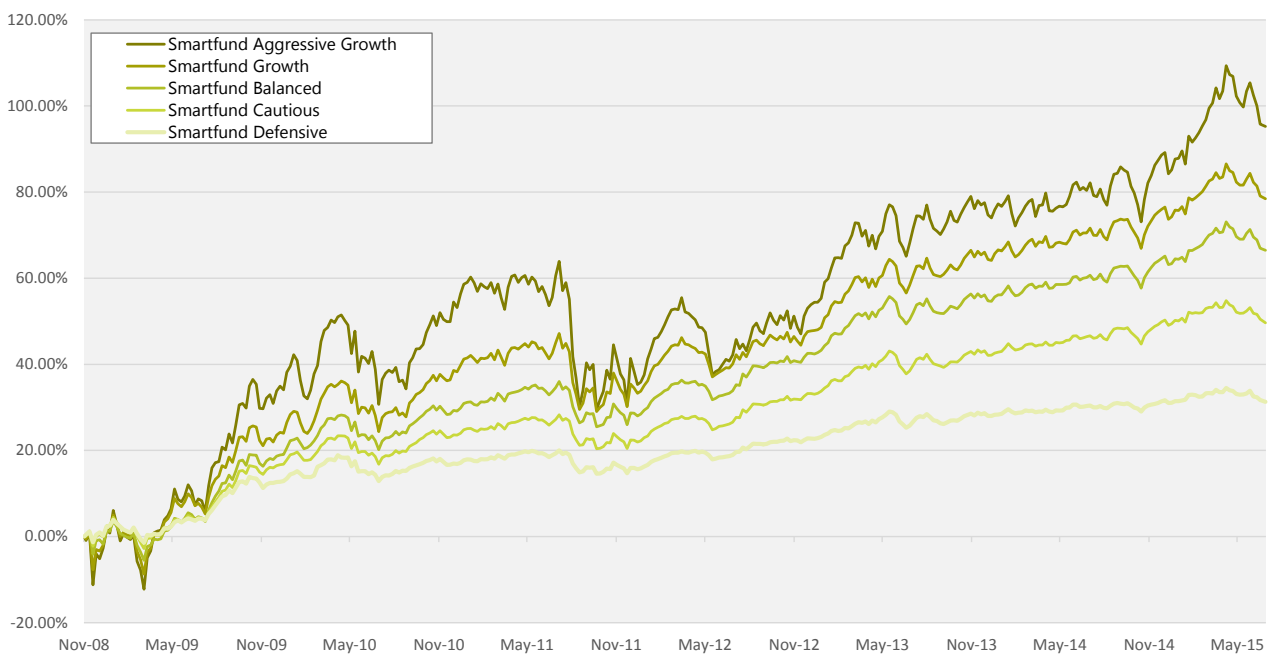
- Diversification will deliver smoother and less volatile returns.
- Risk tolerance should always be the starting point when constructing a portfolio.
- Active management or tactical asset allocation allows them to identify and add considerable value in addition to controlling risk over shorter time horizons.

Our investment professionals come from both the institutional and retail parts of the industry, ensuring that you benefit from detailed investment analysis alongside a genuine understanding of the needs of the retail investor. This multi-disciplined approach combines skills and experience to deliver a proposition that is entirely focused on your needs.

Smart Investment Management (Smart<sup>im</sup>) are the sub-Investment Managers for the underlying risk-graded portfolios of the Smartfund 80% Protected range. Smart<sup>im</sup> is a trading name of Smartfund Administration Limited, which is an authorised investment management company based in London. Smartfund Administration Limited is a wholly owned subsidiary of Praemium, a global company with offices in London, Melbourne, Dubai, Jersey, Hong Kong and Shenzhen.

## Smartim's track record

In addition to the Smartfund 80% Protected Funds, the investment team also manage other funds following a similar investment approach without the capital protection. Below is a graph illustrating the track record of these five risk-graded strategies from 3 November 2008 to 28 February 2015.



Source: Lipper. Past performance should not be seen as a guide to future performance. Total returns in sterling.



# Fund details

The Smartfund 80% Protected Funds are sub-funds of FundLogic Alternatives Plc\*. The company is authorised in Ireland by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011) as amended.

Below is information about the Fund structures. For more information please contact Smart<sup>im</sup>.

<b>Type of fund</b>	UCITS
<b>Launch date**</b>	5 August 2015
<b>Investment manager</b>	Fundlogic SAS, a member of the Morgan Stanley group
<b>Sub Investment Manager</b>	Smartfund Administration Ltd
<b>Protection provider</b>	Morgan Stanley & Co. International plc, London
<b>Protection level</b>	80% of highest NAV reached
<b>Calculation and protection of highest value</b>	Daily
<b>Funds</b>	Smartfund 80% Protected Cautious, Smartfund 80% Protected Balanced, Smartfund 80% Protected Growth
<b>Base fund currency</b>	GBP
<b>Share class currencies</b>	USD, GBP, EUR
<b>Accumulating or distributing</b>	Accumulating
<b>Dealing frequency</b>	Daily
<b>Annual management charge</b>	1.95%

The Smartfund 80% Protected range offers investment flexibility for investors. In addition to sterling, investors can opt for currency-hedged share classes denominated in US dollars and euros. ^

\*The Company is an umbrella investment company with variable capital and segregated liability between Sub-Funds incorporated on 28 April 2010 and is authorised in Ireland as an undertaking for collective investment in transferable securities pursuant to the European Communities with variable capital with registered number 483770.

\*\*The launch date indicates the start of the subscription period. The funds will be fully invested at the investment date, which is subject to approval from the board of the Fund Manager.

^The Investment manager will seek to hedge the share classes of the fund to counteract the impact of currency fluctuations. In extreme situations the Investment Manager may not be successful in protecting against all exchange rate risk which may result in the capital protection being less than 80% of the NAV for the USD and Euro share classes.

# Key risks

- The funds offer 80% capital protection, therefore in extreme market conditions the value of your investment can go down by 20%.
- The value of the fund may be affected by various market risks including interest rate risk, inflation risk, exchange rate risk and the risk that the portfolio managed by SIM will underperform its benchmark.
- Morgan Stanley provides the protection component of the fund and act as counter party to the fund so if Morgan Stanley becomes insolvent, the protection component may fail.
- The Investment manager will seek to hedge the share classes of the fund to counteract the impact of currency fluctuations. In extreme situations the Investment Manager may not be successful in protecting against all exchange rate risk which may result in the capital protection being less than 80% of the NAV for the USD and Euro share classes.

An Investment in the Smartfund 80% protected fund carries a number of investment considerations and risks. The information outlined above is just intended to summarise the key risks and does not provide a full explanation of all the risks applicable to the fund. These include risk of partial loss of capital, market risk, currency risk and counterparty risk. They are outlined in detail in the Prospectus, the Supplement to the fund and the Key Investor Information Document (KIID). Your Financial Adviser can provide copies of these to you and we urge you to read these documents in addition to this brochure before making an informed investment decision. You should also take advice from your financial adviser.

## FAQs

### **Why is there a choice of funds available within the Smartfund 80% Protected range?**

You have a choice of three funds depending on the level of risk you are prepared to take:

- Smartfund 80% Protected Cautious Fund
- Smartfund 80% Protected Balanced Fund
- Smartfund 80% Protected Growth Fund

Each fund has a specific risk profile and offers exposure to a blend of different asset classes. Whilst equities have historically generated the best long term returns, including other asset classes in a portfolio can reduce short-term volatility and generate better risk-adjusted returns for clients with a lower tolerance to risk.

All the Smartfund 80% Protected funds provide the additional benefit of 80% protection of the highest Net Asset Value (NAV) reached which further reduces the volatility you will experience. The combination of the actively managed risk graded portfolio and the protection should provide a significantly smoother investment journey.

### **When are the Funds priced?**

The Funds are priced on a daily basis.

### **What is the annual management charge?**

The fund has a charge of 1.95% which is included in the price of the fund.

### **If my circumstances change can I switch between funds?**

Yes but you should speak to your financial adviser if your circumstances change.

### **Can I sell my fund at any time?**

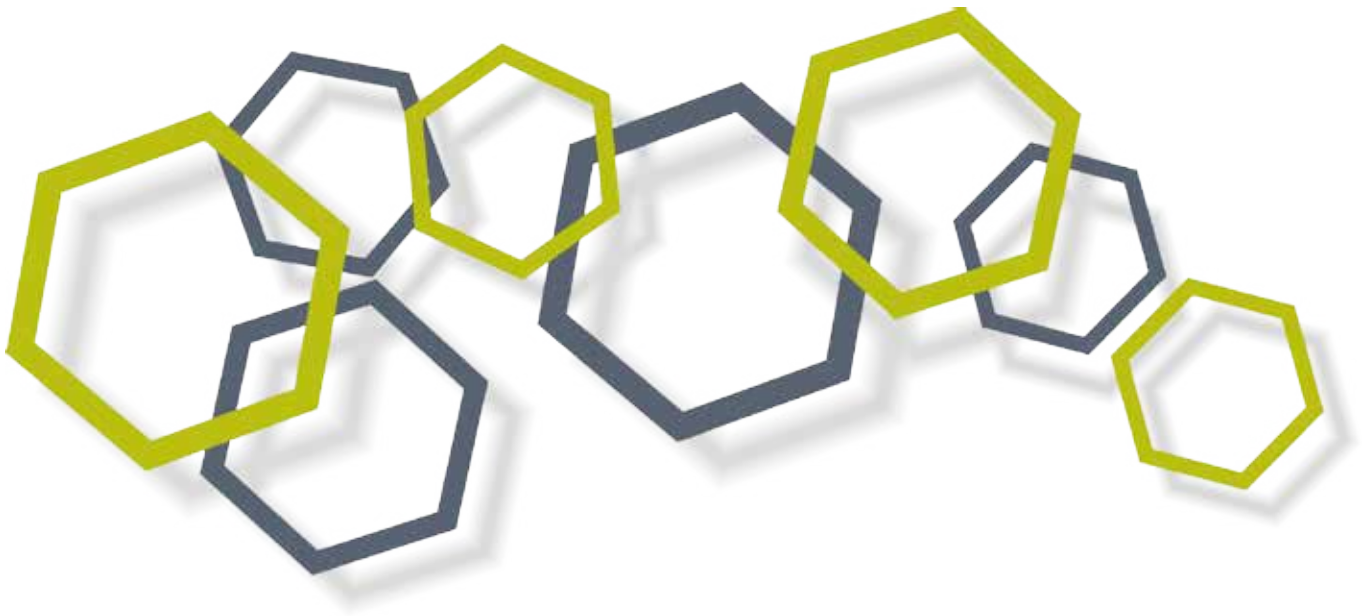
The funds offer daily dealing but you should speak to financial adviser as the fund may be held within a wrapper that may have different terms of investment and conditions surrounding early redemption.

## Important information

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

Potential investors are advised to read the full Prospectus dated 18 February 2014 before making an investment decision on whether or not to invest. The Funds are Sub-Funds of FundLogic Alternatives Plc, an umbrella investment company with variable capital and segregated liability between Sub-Funds incorporated on 28 April 2010, and is authorised in Ireland as an undertaking for collective investment in transferable securities pursuant to the European Communities with variable capital with registered number 483770. The Company is authorised in Ireland by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011) as amended. Subscriptions will only be received and shares issued on the basis of the current Prospectus for the Fund. Copies of the Prospectus can be obtained from the Fund's administrator Northern Trust International Fund Administration Services (Ireland) Limited, George's Court 54-62 Townsend Street, Dublin 2, Ireland, where the constitutional documents may be inspected, or from Praemium UK Ltd, 6 Broad Street Place, London EC2M 7JH. The rights and duties of the investor as well as the legal relationship with the Company are laid down in the Prospectus. If you are in any doubt about the contents of this document, you should consult your stockbroker, bank manager, solicitor, accountant or an independent financial adviser. The information contained herein is for information only and does not constitute an offer, recommendation or solicitation to subscribe to or purchase any products. Past performance is not a guide to future performance. The value of investments may fall as well as rise and you may not get back the full amount invested. Further risk warnings can be found within the Full Prospectus and Funds addendum. Smart<sup>im</sup> is the Global Distributor and the Sub Adviser for the Smartfund 80% Protected Fund range. This material is issued and approved by Smartfund Administration Limited, which is an authorised investment management company based in London FCA nos 463566. Smartfund Administration Limited is a wholly owned subsidiary of Praemium Portfolio Services Limited, which is incorporated in England and Wales, CN 05362168.





**PRAEMIUM INTERNATIONAL**

3rd Floor East, Salisbury House

1-9 Union Street

St Helier, Jersey JE2 3RF

**Phone:** +44 (0)1534 765 450

**Fax:** +44 (0)1534 765 459

[enquiries@praemiuminternational.com](mailto:enquiries@praemiuminternational.com)

[www.praemiuminternational.com](http://www.praemiuminternational.com)

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