



InvestMe Risk-Graded Portfolios



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Founded in 2013 and regulated by SCA (Security and Commodity Authority), InvestMe is part of the ME Group. We strive to provide a very transparent service with low costs and top service for our clients.

We are InvestMe

At InvestMe we firmly believe in educating clients. Giving them the knowledge to ensure they are not being disadvantaged by receiving incorrect or incomplete investment advice. We help in educating about what you need to know and how to invest profitably for the future. We transfer our knowledge to you.

We have a series of articles that explain about our transparency and what questions you should always ask your Financial Advisor regarding fees. They will discuss products with lock in periods and high redemption costs while showing alternatives with greater flexibility and lower costs. The articles will also discuss products that are being distributed in the UAE and will explain if they are necessary or merely designed to generate revenues for the Financial Advisor. Very often they are not suitable as an investment for inexperienced investors.



Our strategy

Where most companies pay lip service to risk analysis we firmly believe that this should be a 3-part strategy. It should contain risk tolerance, but also capacity for loss assessment and risk required analysis.

We then create a gap analyses to see where you are and where you want to be. By understanding this gap we can help set realistic expectations and help in advising how to cover a potential shortfall. We are aware that each person is an individual and as such having 5 investment strategies is not always the ideal solution.

Utilizing our technology, we are able to analyse you as an individual, we will come up with an efficient investment strategy that will be executed and monitored on an ongoing basis. There is no need for a lock period or redemption fees.

Avoiding nasty surprises

The most important thing for our company is to ensure that our clients receive no nasty surprises. A client's journey needs to be managed carefully to reach their defined outcome. This is achieved by assessing their attitude to risk and placing them in a portfolio that matches this.

The objective then becomes all about generating strong risk-adjusted returns, within a client's risk profile, rather than peer-group comparisons.

Ultimately, the main risk investors are interested in is the risk of losing money. That is why we believe in reducing costs, and an asset allocation suited for you using one of the most efficient and cheapest access to the markets.

InvestMe is also a licensed mortgage broker and also offers foreign exchange services with the goal to drive costs down and pass these savings onto you the client. We also have a Real Estate Company that is dedicated to serve buyers. This is a unique concept in Dubai.

Most Real Estate agents represent the seller and as such most have a built in conflict of interest. The goal of the seller's agent is to get the maximum price possible on the sale. However, you as a buyer will most likely be paying the commission. The goal of your agent should be to obtain the lowest possible price and as such there is a built in conflict of interest. As a buyer's agent we can save literally over 100,000 AED on the purchase price.

Insurance

We have an insurance arm (InsureMe) for Life, Health and Car as well as other general insurance. InsureMe was the first online insurance comparison website in the UAE, offering multiple choices. We believe that not all insurance companies have all the products and the products they have may not be the best. We bring the best that will meet your needs.

How we manage your portfolio

Why discretionary management?

There are two main forms of investment management:

- Advisory requires that any changes to the portfolio recommended by the Investment Manager be approved in advance by the investor.
- Discretionary requires that the investor gives permission for the Investment Manager to make changes without further consultation, provided that they stay within certain agreed parameters.

We have appointed Smart^{im}, the investment management arm of Praemium, to manage your investments on a discretionary basis because the ability to make decisions quickly can be extremely valuable, particularly in volatile market conditions. In addition, discretionary management removes the risk of your portfolio being adversely affected if you are unreachable, perhaps during illness or even simply whilst on holiday.



The model portfolio approach

There are two types of discretionary portfolio management: bespoke and model.

Bespoke is often touted as the 'Rolls Royce' option – it costs more but claims to provide a portfolio tailored to the individual needs of the client. Whilst some clients may genuinely receive value for the higher fees, the vast majority will not. Furthermore, whilst a number of companies claim to offer bespoke discretionary management, in order to control risk across all of their individual portfolios they actually have models at the heart of their offering. This limits the degree to which a portfolio can actually be tailored to the individual's needs, so in reality they are rarely truly bespoke.

By contrast, the model portfolio approach allows Smart^{im} to deliver a range of diversified portfolios that will provide the right blend of asset classes and investment vehicles for the prevailing market conditions, with each portfolio within the range designed to maximise returns for a given level of risk. By managing a limited number of model portfolios, rather than several hundred bespoke portfolios, we are able to provide far more active and intensive management than would otherwise be possible – and for a much lower cost.



Benchmarks

We believe that benchmarks have a role to play in monitoring the positioning and performance of our portfolios and we use several internally. However, we do not seek

to continuously outperform benchmarks because we focus on risk-adjusted returns, not just nominal returns. For example, tying our performance to an index would

require us to take excessive risk on an ongoing basis, because a market index is a theoretical construct that has no risk controls.

A 'retail-friendly' solution

Experience tells us that individual investors, often known as 'retail investors', look for different things from their investments to corporate (or institutional) investors. The latter tend to seek performance in line with one of more indices at the lowest cost possible and will tolerate falls in the value of their investments as long as the performance does not fluctuate far from these indices.

By contrast, retail investors generally seek performance above that of a particular benchmark but are more sensitive to short-term losses. They are aware of fees and obviously do not want to pay more than is necessary but are less concerned about them if they can enjoy strong risk-adjusted returns. For the investment manager, understanding this difference is essential, as providing investors with outperformance while limiting losses when markets fall is challenging to achieve and requires a much more intensive and active level of management.

For the majority of client portfolios we have built a process that aims to identify active fund managers with the ability to deliver long-term out-performance of their relevant benchmark.

We also offer a range of low-cost portfolios, which still use our strategic and tactical asset allocation research but replace the active managers primarily with index-based investments. These will have lower overall fees than a portfolio of active managers and seek returns that are in line with a benchmark, rather than outperform, in different regions or asset classes.

It is essential that we are honest about what you can expect from us, and equally importantly, what you should not. As Investment Managers Smart^{im} will analyse the economic data available to assess the state of the global economy in order to form a view on the most likely market movements in the foreseeable future. However, we must all acknowledge that this is not an exact science.

What you can expect

Certain events are especially difficult, or even impossible, to predict. Natural disasters can come without warning, political deals are often made behind closed doors (and are frequently driven by a desire for political survival rather than prudent economics), and when fear grips markets falls can be dramatic and sudden, with investment fundamentals ceasing to be any guide to short-term movements.

Trading in such markets risks losing investors' capital for little beneficial effect, as selling can realise, or even exaggerate, the very losses that investors fear. Therefore, as such periods tend to last for relatively short periods before sanity prevails, we will only act when there is a clear benefit to you and not just to be seen as doing something.

The benefits of multi-asset investing

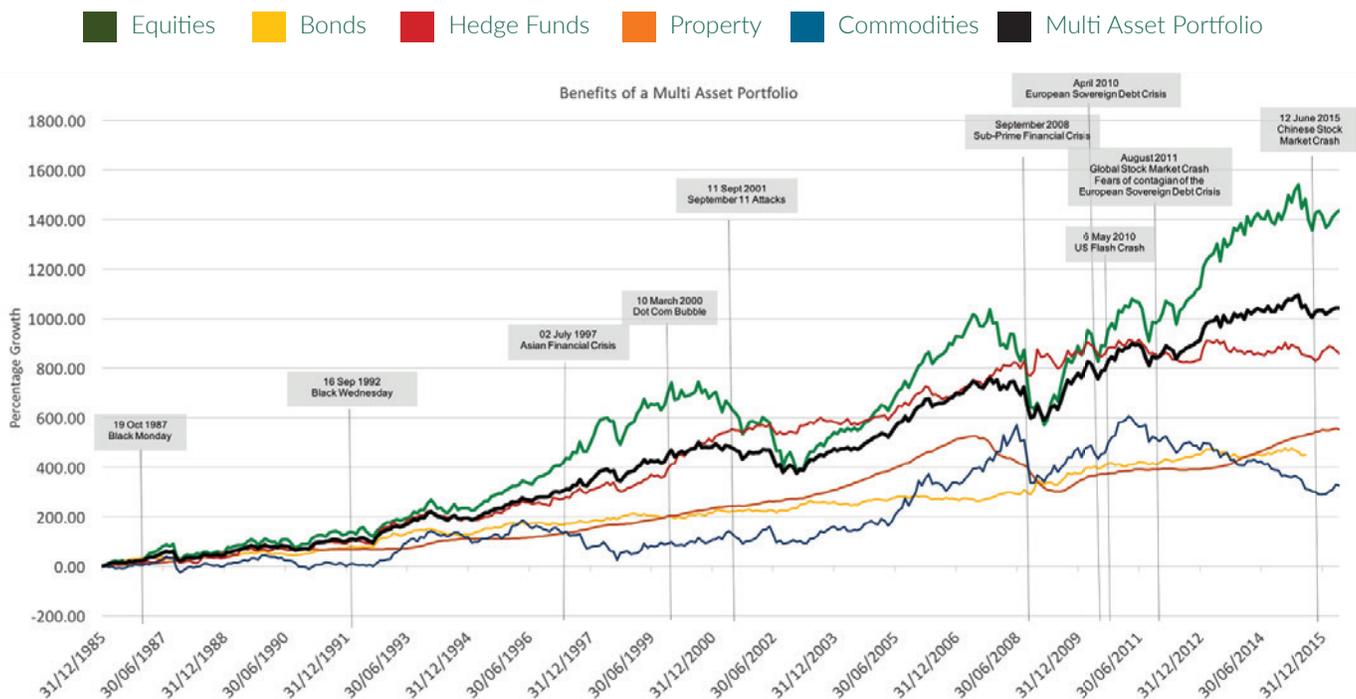
Historically the best way to achieve higher investment returns over the long term has been to invest in equities. However, including other asset classes provides the best risk-adjusted returns, even if the expected long-term returns of those asset classes are lower. We believe that this multi-asset approach is suited to the vast majority of investors.

The chart below illustrates how five asset classes performed over the last 30 years, and unsurprisingly equities were the best performer over that period but with the highest short-term volatility. The black line shows how a multi-asset portfolio combining the five asset classes in equal proportions smoothed performance, delivering strong investment returns but with far less volatility.

Our Investment Committee

The Smart^{im} Investment Committee consists of people from a range of backgrounds, as we believe that a multi-discipline approach provides greater depth of understanding. Our investment professionals, for example, 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 unique combination of skills and experience allows us to deliver a proposition that is entirely focused on your needs.

The committee meets every month to review the progress of the portfolios and developments in the global economy. However, we will adjust the positioning of our portfolios at any point in between if we believe that circumstances have changed significantly.



There are two factors that determine the performance of your portfolio. The first is the asset allocation, which is how the portfolio is split between various asset classes and markets, and the second is the quality of investment funds and vehicles selected within each sector. The process used to achieve the best blend of the two factors has three stages.

Strategic asset allocation

Strategic Asset Allocation (SAA) is the blend of asset classes needed to produce the best risk-adjusted returns for a particular level of risk in the long term before taking into account current market events. As different asset classes have different risk/return characteristics, getting it right is fundamental to determining the behaviour of the portfolio and its expected long-term performance, thereby ensuring that you are on the right path to meet your investment objectives. This table shows the Strategic Asset Allocation for each of the portfolios within the Smart™ range.

Tactical asset allocation

Tactical Asset Allocation (TAA) is how we express our view of current market conditions in the shorter term, either to take advantage of opportunities or to avoid risks. We invest more into asset classes which we see as more attractive and less in others, positions known as 'overweight' and 'underweight' respectively. However, any changes are made with your risk tolerance in mind and within clearly defined parameters.

Fund selection

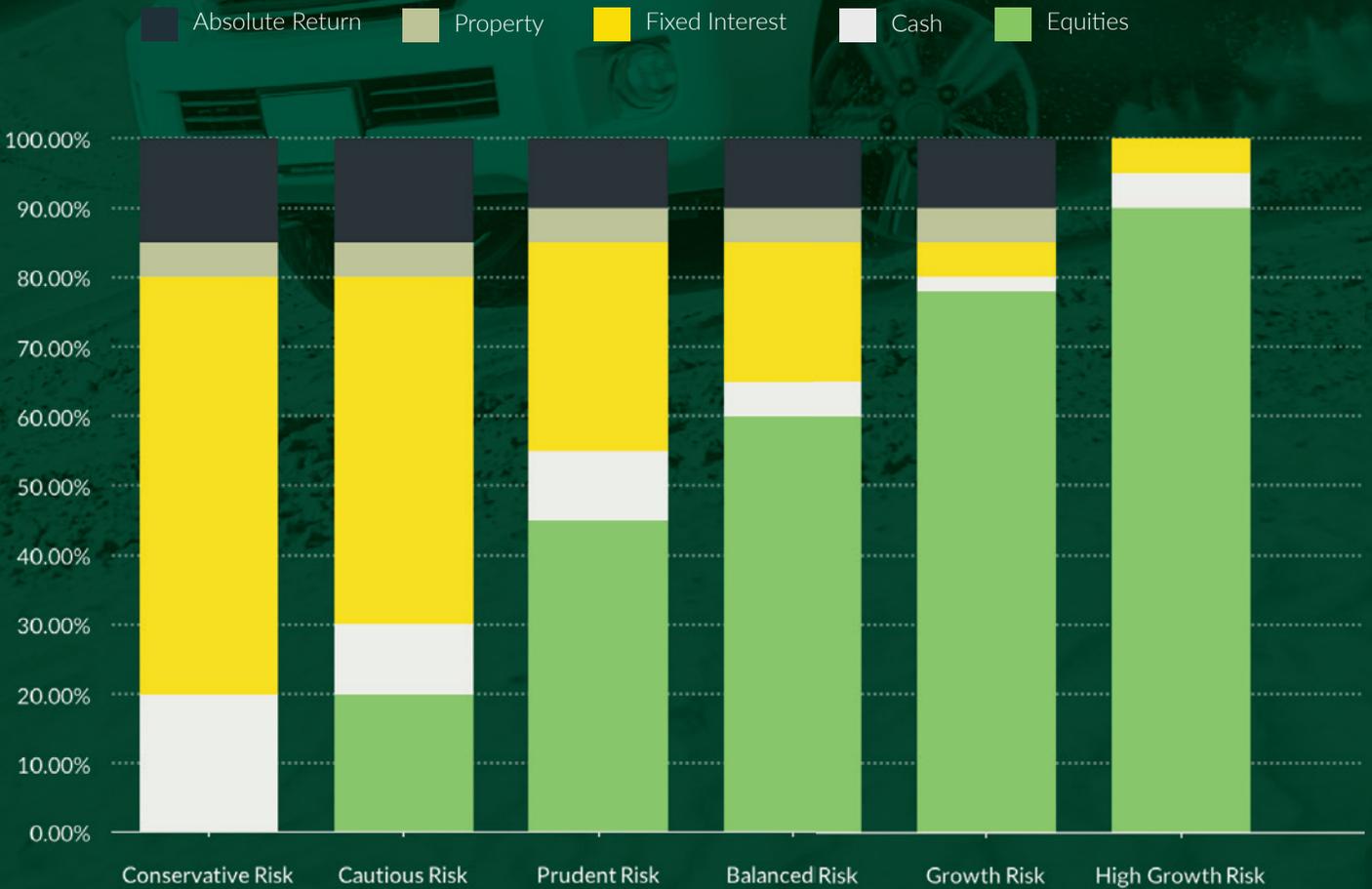
Finally, we select the investment funds within each asset class that we believe will produce strong risk adjusted returns.

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Our investment process



Note: The portfolios shown above are for illustrative purposes only and may be subject to change.

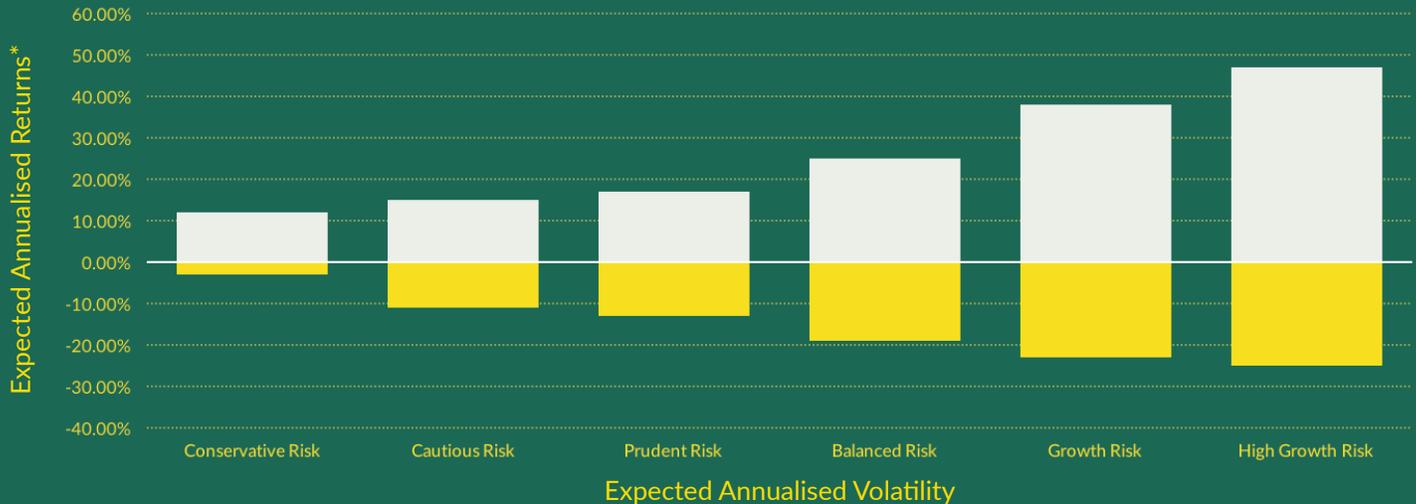
Choosing your portfolio

We will explore with you the various elements that will determine which strategy is right for you. These will include, but will not be limited to, your investment horizon, your financial goals and your appetite for, or ability to tolerate, risk in your portfolio.

InvestMe Strategies



Our Growth Strategies



*Expected returns are based on back testing the strategies utilising 20-year annual data without any tactical asset allocation applied. Actual returns are likely to differ. This chart is for illustrative purposes only. Source: Smart™. Data based on annual returns 31/12/1994 to 31/12/2014.

The back-tested annual returns over a 20-year period to 31 May 2016.

	Strategy					
	Conservative Risk	Cautious Risk	Prudent Risk	Balanced Risk	Growth Risk	High Growth Risk
Back-tested historic average returns (%)	9.0	5.9	6.4	7.3	7.8	8.5
Targeted volatility (%)	3.0	6.0	7.0	10.0	14.0	16.0
Minimum back-tested annual return (%)	-0.3	-7.5	-11.8	-16.8	-21.2	-24.7
Maximum back-tested annual return (%)	13.2	17.2	17.7	27.6	39.3	46.0
Maximum back-tested consecutive loss (%)	-2.7	-6.5	-7.6	-10.3	-11.7	-13.6
Maximum back-tested consecutive gain (%)	3.0	5.2	6.9	6.8	11	16.9

Important information:

Source: Smart™ and Lipper. All data used in the calculation of the information in the chart and graph is total return in Sterling terms. The back-tested illustrative returns shown in the chart and graph are gross and before the deduction of any management charges or adviser fees. They are calculated using the Strategic Asset Allocation of each portfolio. This was rebalanced annually unless doing so would have caused the volatility to breach the limits set for the portfolio, in which case it was moved as close to the Strategic Asset Allocation as those limits allowed. The various asset classes were represented by Investment Association (IA) sectors or, if no IA sector was suitable, another more appropriate proxy. The actual returns that a client would

have achieved would have been altered by Tactical Asset Allocation, fund selection, investment management charges, the charges of the underlying investments within the portfolios and, if applicable, adviser fees. These figures have not been audited by an external body and this material is for illustrative purposes only. It is not an invitation to subscribe and nothing contained herein constitutes investment, legal, tax or other advice, nor is it to be relied on solely in making an investment or other decision. The value of investments may go down as well as up and the value will depend on fluctuations in financial markets outside of Smart Investment Management's control. As a result, an investor may not get back the amount invested. Please note that past performance is not indicative of future performance.

The InvestMe Risk-Graded portfolios will be managed on Praemium's platform, Smartfund Administration Ltd., which will provide administration, execution and custody of your portfolio, ensuring that the assets are securely held and trades conducted efficiently. The platform's ability to aggregate trades means that your portfolio's ongoing costs are much lower, not only compared to bespoke portfolios but also to model portfolios on platforms without this technology.

Your

investment

with us

Established in 2001, Praemium is a leading provider of investment platforms, portfolio administration and execution globally, with offices in the UK, Jersey, Australia, Armenia, Hong Kong and China. Many of the world's leading financial advisers, investment managers and financial product providers trust Praemium to manage or administer over 300,000 investor accounts covering over £40 billion* in funds globally. Clients include RBS International, Price Bailey, Morgan Stanley, E*TRADE, Canaccord, Credit Suisse and ANZ Bank. Smart[™] represents the newest part addition to the companies within the Group and the majority of money administered by Praemium.

Smart[™], the underlying portfolio manager, has over £145 million under management as at 31 December 2014. Smart[™] is a key growth strategy for Praemium, a company with the size and resources to provide reassurance to any investor.

*As at 31 December 2014

Fees and charges

Our fees: Any initial or on-going fees that you have agreed to pay your adviser will be deducted from your portfolio and paid to your adviser by Praemium.

Your custody and execution charges: You will pay 0.35% to Praemium (via Smartfund Administration Limited), deducted from your account on or around the 15th of each month.

Investment management fees: You will pay 0.10% per annum (inc VAT) for the management of your InvestMe Growth portfolio.

Underlying investment charges: The underlying funds within the portfolios have on-going costs. We aim to keep costs to a minimum but do not directly control these costs so this figure will vary over time, depending on which funds are held within your portfolio, and any figure provided is indicative rather than fixed. The average cost of the underlying investments in the portfolios was 0.30% as at March 2016. However you should consult your adviser for specific fee information relating to the portfolio in which you invest.

	InvestMe Growth Portfolios
Discretionary management fee	0.10%
Average cost of underlying investments*	0.30%
Custody and Execution	0.35%
Total investment cost	0.75%

*Average cost of the underlying investments in the portfolios as at 1 March 2016
You should consult your adviser for specific fee information relating to the portfolio in which you invest.

Important information

- This document is issued by Smartfund Administration Ltd and is intended to be used for marketing purposes only and does not aim to provide financial advice.
- You should remember that past performance is not a guide to future performance. The portfolio investments are subject to normal fluctuations and other risks inherent when investing in securities.
- There can be no assurance that any appreciation in the value of units will occur. The value of investments and any income derived from them may fall as well as rise and investors may not get back the original amount they invested.
- Smartfund Administration Ltd is authorised and regulated by the Financial Conduct Authority No. 463566.
- There is no certainty the investment objectives of the portfolios will actually be achieved and no warranty or representation is given to this effect. The portfolios therefore should be considered as medium to long-term investments.
- Smart Investment Management (Smart^{im}) is the trading name and is a wholly owned subsidiary of Smartfund Administration Ltd. Smart^{im} is the entity providing the discretionary management services for the Smart Defined-Risk Portfolios. The parent company of Smartfund Administration Limited is Praemium Limited. Praemium Limited is incorporated in Australia and listed on the Australian Stock Exchange.
- Praemium International Limited is a further subsidiary of Praemium Limited which provides offshore regulated activities under the Jersey Financial Services Commission under reference 107624.

What are the risks?

As with all investments there are risks associated with the Smart Risk-Graded portfolios. To understand them fully please speak to your adviser and read the Key Features and Terms and Conditions of the Praemium platform, which they can provide.

We cannot guarantee the level of capital growth or income that will be generated when you invest in a Smart Risk-Graded portfolio. However, the portfolios have been designed to reflect different levels of risk and we will actively manage them to ensure that they continue to meet their risk/reward objectives, ensuring that you are not exposed to a higher level of investment risk than expected. The amount of risk that that you are prepared to accept, in other words the portfolio in which you choose to invest, will determine the level of expected returns.

The value of investments and income derived may go down as well as up and you may not get back the full amount invested. Any investment you make should be considered medium to long term. Your adviser will help you determine a suitable time frame for your investment. This will be driven by your financial goals and your attitude to risk but should be a minimum of five years for all of the portfolios and ideally longer for the higher risk ones.



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