smart im
a præmium company
The Smartfund Range
Equity investing without riding every wave

Contents

- The Smartfund range 3
- About Smartfund 5
- About Smartfund 80% Protected 6
- Who is involved in the Smartfunds? 8
- About Smart^im 9
- Fund details 10
- Important information 11

smart im
a præmium company

The Smartfund range

A smarter way to invest

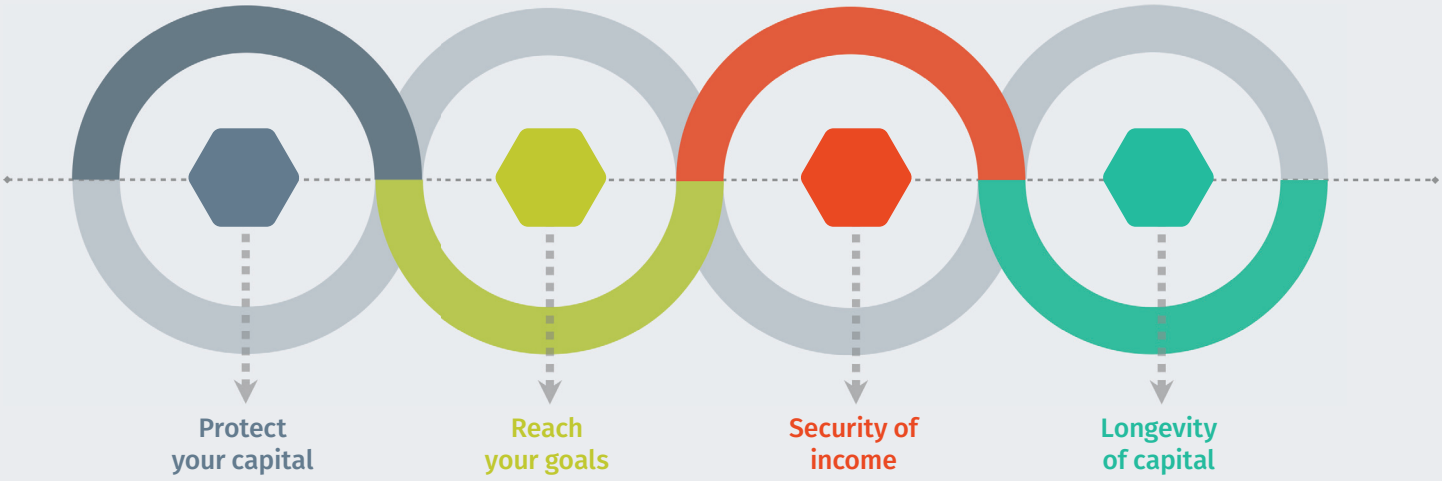
Stock market cycles are an unavoidable part of investing, but not everyone is able or wants to ride the waves of the market.

In today's volatile and uncertain market, the desire to minimise risk is often a key determinant of your investment decisions. If you have reached a certain stage in life, such as retirement, or you simply don't want or need to take 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. Smartfund 80% Protected provides the additional benefit of 80% protection of the highest fund value achieved, delivered by Morgan Stanley*

Delivering outcomes that are important to you



*Refer to the important information on page 11

A multi-faceted investment approach

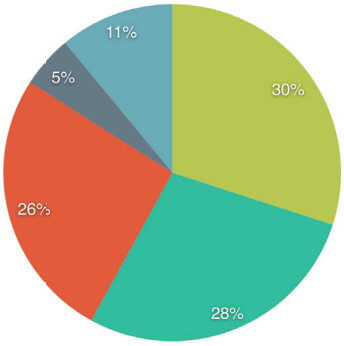
About Smartfund

01
Actively managed investment strategy

At the centre of each Smartfund is a risk-graded strategy managed by experts at Smart Investment Management (Smart[im]). Each strategy has a specific risk profile and invests in a carefully constructed blend of asset classes. Smartfund is available in three different currencies (GBP, EUR and USD).

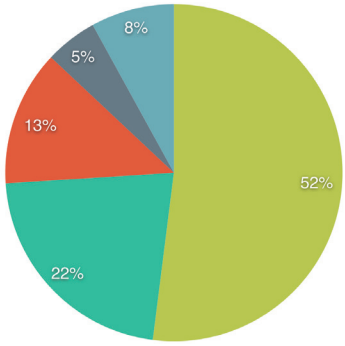
Historically one of the best ways to achieve higher investment returns over the long term has been to invest in equities; however, though equities can provide higher returns they are also higher risk. Including other asset classes in your strategy can provide the best *risk-adjusted* returns.

Cautious strategy



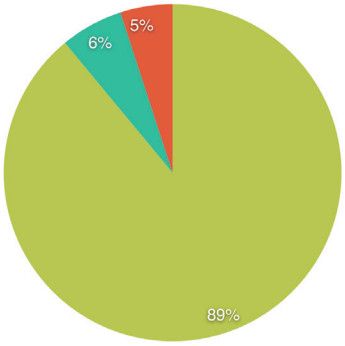
Target Volatility
5%

Balanced strategy



Target Volatility
8%

Growth strategy



Target Volatility
12%

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.

- **Equity**
- **Fixed Income**
- **Absolute Return**
- **Property**
- **Cash**

Strategy asset allocations are correct as at 31 July 2016 Source: Smart[im]

02
Volatility control mechanism

Smartfund uses an active risk on/risk off strategy based on prevailing market volatility vs a target or expected level to:-

- Exploit the long term trends between volatility and return
- Maintain the fund's volatility close to the specified target level
- Minimise the cost of protection (for 80% Protected only)

As a result the Smartfunds exposure to its investment strategy can change daily based on market conditions

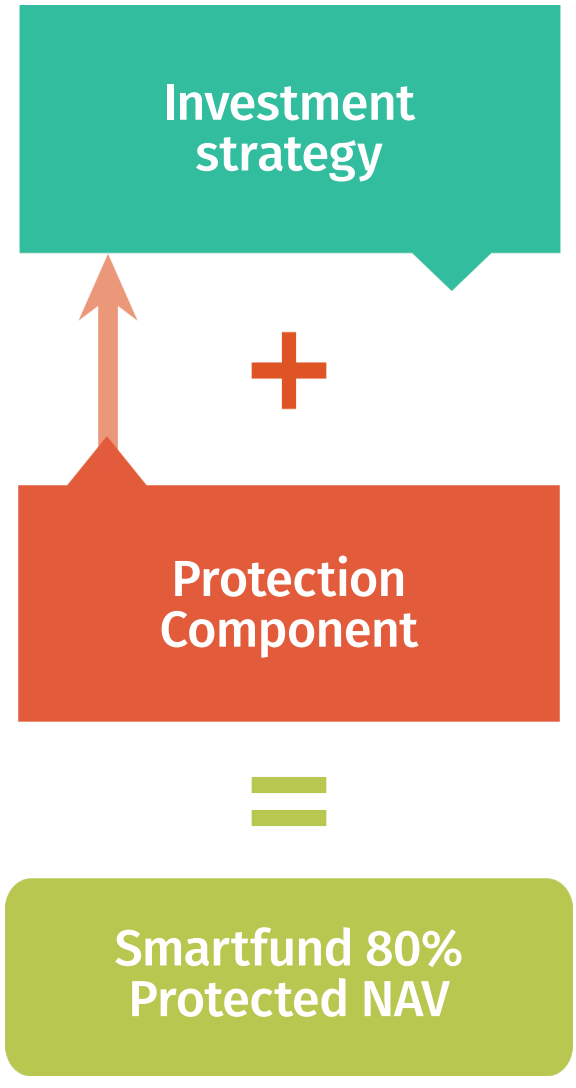
About Smartfund 80% Protected

For clients who prefer more security for their investments, we also offer a capital-protected range. The funds are made up of two parts: the protection component provided by Morgan Stanley, and the risk-graded strategy managed by Smartim.

03
Performance cost management

Morgan Stanley use a number of mechanisms to keep the cost of protection to an absolute minimum.

The performance engine is a multi-asset risk graded investment strategy actively managed by Smartim



Protection linked to the investment strategy ensures a minimum protection level of 80%. This is delivered by Morgan Stanley.

How the protection component works

04
Protection contract

The protection component ensures that at all times the fund price is 80% or more of the highest fund value ever achieved. Gains made above the previous highest fund value are locked in, thereby continually increasing the protected level.

Smartfund

Smartfund 80% Protected

Protection level for Smartfund 80% Protected

How the funds are likely to perform in different market conditions

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 red line) and £100 into Smartfund 80% Protected (green). The protection level of the 80% Protected fund is illustrated by the turquoise line.

Smart[im] this is for illustrative purposes only

Who's involved in the funds?

Praemium
(Distributor)

ASX-listed provider of international fintech and investment solutions

£44.7bn AUA

Fundlogic SAS
(Fund operator)

Subsidiary of Morgan Stanley UCITS IV platform

£2.4bn AUM

Smartim
(Strategy manager)

FCA-Authorised subsidiary of Praemium

£245m AUM

Morgan Stanley
(Protection provider)

One of the largest financial institutions A+ credit rating

£1.5tr AUM

Source Smartim data as at 30 June 2016 (Average day USD Dollar/Sterling conversion rate 0.7493, Average day AUD Dollar/Sterling conversion rate 0.5593)

About Smart[im]

Smart[im]'s philosophy is rooted in the fundamental 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.

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[im] are the sub-investment managers for the risk-graded strategies at the heart of the Smartfund range. Smart[im] is directly regulated by the FCA and is an authorised investment management company based in London. Smart[im] is a wholly owned subsidiary of Praemium, a global company with offices in London, Coventry, Melbourne, Dubai, Jersey, Armenia, Hong Kong and Shenzhen.

Fund details

	Smartfunds	Smartfund 80% Protected
Country	Dublin	Dublin
Type of fund	UCITS IV	UCITS IV
Launch date	18th March 2016	4th September 2015
Fund operator	Fundlogic SAS, a member of the Morgan Stanley group	Fundlogic SAS, a member of the Morgan Stanley group
Investment manager	Smart Investment Management Limited, a member of the Praemium group	Fundlogic SAS, a member of the Morgan Stanley group
Strategy manager	Smartim	Smartim
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	USD, GBP, EUR	USD, GBP, EUR
Accumulating or distributing	Accumulating	Accumulating
Annual management charge (C Share class)	0.5%	0.5%
OCF (C Share class)	0.5%	0.5%

The Smartfund Range Key Risks

An investment in any of the Smartfunds carries a number of investment considerations and risks. The information outlined on this page 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.

• Smartfund 80% Protected offers 80% capital protection, therefore in extreme market conditions the value of your investment can go down by 20%.

• Morgan Stanley provides the protection component of Smartfund 80% Protected and acts as counterparty to the fund, so if Morgan Stanley becomes insolvent, the protection component may fail.

• 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[im] will under-perform its benchmark.

• Fundlogic SAS will seek to hedge the share classes of the funds 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, of Smartfund 80% Protected, being less than 80% of the NAV for the USD and EUR share classes.

The risks of investing 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.

Mitigating the cost of protection

Being able to protect your investment is appealing but not if the cost of doing so is prohibitive. The Smartfund 80% Protected 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. 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 strategy risk profile. The more significant the equity exposure the greater the potential investment returns: higher equity strategies 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%

Though it is unlikely 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.

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 and the relevant supplements before making a decision on whether or not to invest. The funds are sub-funds of FundLogic Alternatives Plc ("the Company"), which is an umbrella investment company with variable capital and segregated liability between sub-funds incorporated on 28 April 2010.

The Company 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, and 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 Smart Investment Management Limited, 4th Floor, Suite 643-659 Salisbury House, London Wall, London EC2M 5QQ. 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 supplement. Praemium is the global distributor for the Smartfund range.

This material is issued and approved by Smart Investment Management Limited, which is an authorised investment management company based in London, FCA no. 627829.

UKSEPT2016

smart im

The Smartfund Range